

Digitized by the Internet Archive
in 2007 with funding from
Microsoft Corporation

45977

INDUSTRIAL PEACE

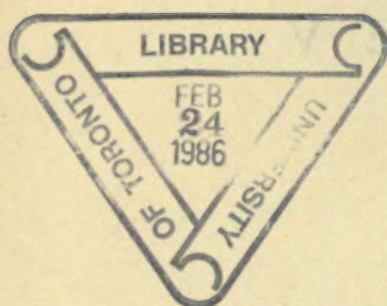
Periodic

VOLUME V

LONDON:

THE ST. CATHERINE PRESS
STAMFORD STREET, S.E. 1

1920



HD
4805
I6
V.5

INDEX TO VOLUME V.

Titles of articles printed thus:—FOOD FOR THOUGHT.

All papers, pamphlets, etc., thus:—*The Call*.

A.

Ablett, 156
ACHIEVEMENTS OF ORGANISED LABOUR, 98
 Admiralty, 151
ADULT EDUCATION AND THE LABOUR COLLEGE, 154
 Adult Education Committee, 154, 156
 Aesop, 2
 Africa, South, 25
 Amalgamated Engineering Union, 64
 Amalgamated Moulders' Union, 64
 Amalgamated Toolmakers' Society, 64
 Amalgamated Union of Co-operative Employees, 41, 42
 America, 3-6, 10, 16, 26, 63, 64, 90, 121, 159
 American Federation of Labour, 23, 25, 26, 121
 Amsterdam, 26
APPRENTICESHIP, 12
 Arkwright, 2
 Army, 14, 79
 A.S.E., 56, 64, 79, 92, 155, 161, 188
 Askwith, Lord, 163
 Astor, Lady, 123
 Atkinson, J. B., 9
 Atkinson, W. N., 9
ATMOSPHERE ON, 75
 Associated Smiths' and Strikers' Union, 64
 Austria, 181, 184

B.

Bachinger, 25
 Baltic Provinces, 181
 Barnes, G. N., 157, 194
 Barton, Councillor A., 190, 191
 Bastiat, F., 37
 Belfast, 195
 Belgian Socialists, 121
 Belgium, 24, 26, 160
 B.E.P.O., 158
 Berlin, 25
 Berne, 26, 158
 Bevin, Ernest, 127
 Bismarck, 3, 167
 Blackpool, 25
 Blatchford, Robert, 175, 176

Bleachers' and Dyers' Association, 155
 Board of Education, 14, 83
 Board of Trade, 45, 62
 Bolsheviks, 121, 157, 158, 161
 Bolshevism, 122, 136
 Bonfield, Margaret, 25
 Booth, 133
 Boston, 119
 Bowley, Prof. A. L., 133
 Brace, Wm., 175
 Bradford, 15, 80
 Branting, 23, 158
 Brindley, 2
 Britain, 2-7, 14, 16, 22, 23, 25, 29, 34, 60, 113, 121, 138, 143, 145, 159, 160, 162, 189
 British Socialist Party, 23, 24, 120-122, 128, 141
British Trade Review, 190
 Brownlie, J. T., 57
 Brussels, 22
 Bureaucracy, 66

C.

Caillard, Sir Vincent, 158
Call, The, 27, 57, 63, 89, 120, 121, 157, 190
 Canada, 25
 Capital, 5, 26, 37, 38, 58, 84, 93, 133, 139, 146-148, 174, 177, 185
CAPITAL, TAXATION OF, 104, 146
 Capitalism, 56-59, 64, 90, 120-123, 137, 186, 189
 Carmichael, Duncan, 29
 Carson, Sir Edward, 109
 Carter, George, 51-53
 Cartwright, 2
CASE AGAINST DIRECT ACTION, THE, 173
CASE FOR DIRECT ACTION, THE, 135
CATHOLIC SOCIAL GUILD, THE, 118
 Cave, Sir George, 29
 Cecil, Lord Hugh, 109
 Central Empires, 25
 Central Ironmoulders' Union, 64
 Central Labour College, 154-156
CHAOS, ORGANISING FOR, 77
 Chernov, 158
 Christian Social Union, 118
 Church Socialist League, 128
 Civil Service, 151
CLASS ILLUSION, THE GREAT, 34

Class War, 27, 34, 43, 59, 78, 91, 121, 122, 135, 137, 139, 154, 156, 167, 173, 185, 186, 191

CLASS WARFARE AND THE DICTATORSHIP OF THE PROLETARIAT, 166

Clay, Henry, 38

Clemenceau, 159

Clyde, 78

Clynes, J. R., 157, 161, 175, 176

Coal Commission, 8, 11

COAL MINING, II., 7

Coal Owners' Association, 10

Cobbett, 132

Cole, G. H. D., 34, 36

Collectivists, 115

Combination Acts 1825, 53

Committee on Production, 81

Commons, House of, 26, 35, 69, 70, 108-110, 120, 124, 140, 193

Communism, 121, 122, 174, 185, 188, 189, 191, 192

CONSTRUCTIVE MEASURES, 149

Co-operative Commonwealth, 59

CO-OPERATIVE EMPLOYEES, 41

Co-operative Movement, 78, 79

Co-operative News, 42

Co-operative Union, 42, 43

Coram, John, 131

Cort, 2

County Councils, 14

Courrières Colliery, 9

Craft Unionism, 52, 53, 185

Craik, W. W., 155

Cramp, C. T., 25, 154, 194

Crompton, 2

Cumberland, 10

Currency Committee, 46, 47, 106

Czar, 168

Czecho-Slovakia, 181

D.

Daily Herald, 27-29, 32, 36, 58, 62, 64, 67, 89-91, 122, 123, 125, 127, 135, 158, 159, 161, 163

Darwin, 173

Davison, George, 155

Davy, Sir Humphry, 9

DECENTRALISATION IN INDUSTRIAL QUESTIONS, 80

Democratic Control, 189

Departmental Joint Councils, 151

Devonport, 151

Dickens, 128

DIRECT ACTION AND DEMOCRACY, 66

DIRECT ACTION, THE CASE AGAINST, 173

DIRECT ACTION, THE CASE FOR, 135

Direct Action, 66, 67, 69, 70, 90, 135-139, 173, 175, 176, 185

District Councils, 149, 150, 152

Dock Workers' Union, 124, 175

Domestic Training, 12, 13

Doncaster, 10

Doyle, Sir A. Conan, 95

Dublin, 159, 163

Duncan, Charles, 29

E.

Eaton, Dr. Chas., 31

ECONOMIC INDEPENDENCE, 18

ECONOMIC POLICY, 44

Economics for the General Reader, 38

Economics of Industry, 71

ECONOMICS, PRACTICAL, 37, 71, 101, 169

Economist, The, 146

ECONOMY AND UNEMPLOYMENT, 108

Education, Board of, 14, 83

Eisner, Kurt, 25

Electrical Trades Union, 64

Employment Exchanges, 124

Engineering and Shipbuilding Federation, 136

England, 2, 23, 26, 48, 54, 76, 79, 98, 113, 114, 132, 134, 151, 158-160, 167-169, 175

Essex, 80

Estonia, 181

EUROPE, THE NEW MAP OF, 181

Europe, 2, 121, 133, 134, 159, 161, 166, 169, 181

Excess Profits, 85, 88

Exchequer, Chancellor of, 148

F.

Fabian Society, 23, 24

Federation of British Industries, 158

Finland, 181

Fisher, Lord, 194, 195

FOOD FOR THOUGHT, 30, 60, 94, 124, 162, 193

FOREIGN TRADE, 2

Forward, 28, 92, 122, 164, 195

France, 2, 9, 22-26, 48, 54, 55, 122, 157-159, 181

French, Lord, 163

French Socialist Party, 122, 157

French T. U. Movement, 26

G.

Galicia, 183, 184

Galloway, Mr., 9

Garforth, Sir Wm., 9

Gavonsky, 25

Geddes, Sir Auckland, 59

Geddes, Sir Eric, 59

Geddes, Sam, 195

General Election 1918, 54

General Staff for Labour, 79, 89, 160

General Workers' Union, 175

George, Lloyd, 30, 31, 58, 59, 61, 63, 108, 161

German Communists, 121, 158, 161

German Independent Socialists, 161

German Social Democrats, 23, 121, 157, 167

Germany, 3-6, 22, 23, 25, 26, 36, 46, 67, 91, 121, 158, 159, 161, 163, 167, 168, 173, 176, 181, 184

Gibbons, Cardinal, 119

Glasgow, 15, 28, 79, 90, 122, 156, 195

Gompers, Samuel, 121

Government, 10, 16, 20, 21, 27-29, 32, 34, 46, 47, 52, 57-62, 67, 69, 70, 77, 78, 82, 84, 88, 90, 91, 93, 96, 104, 105, 107-109, 114, 121, 146, 148, 160, 161, 164, 169-171, 194, 195

GREAT CLASS ILLUSION, THE, 34

Greece, 25
 Grey, Sir Edward, 22
 Guild Socialism, 115

H.

Hague, The, 22
 Haldane, Dr. J. S., 7
 Haldane, Lord, 194
 Hardie, Keir, 22
 Hargreaves, 2
 Harlech, 155
 Hayday, Arthur, 175
 Henderson, Arthur, 22-24, 127, 157, 175
 Hird, Dennis, 155
 Hodge, John, 157
 Hodges, Frank, 127, 154, 160, 187
 Holland, 23-25
 Home Office, 9, 10
 Horne, Sir Robert, 110
 Hours and Wages Board, 41
 Hungary, 25, 181
 Huysmans, Camille, 22, 23
 Hyndman, H. M., 175

I.

I.L.P., 23, 24, 164, 175
 Industrial Councils, Joint Standing, 81, 83, 149, 151, 152
 INDUSTRIAL CREED, AN, 93
 Industrial Reconstruction Councils, 45
 Industrial Revolution, The, 2, 131, 132
 Industrial Unionism, 34, 53, 123, 185, 186
 Inter-Allied Labour Conference 1917, 23-25
 INTERNATIONAL, II., THE, 22
 International, Second, 26, 120, 122, 161
 International, Third, 26, 120, 122, 161
 International Conference, February 1919, 25
 International Socialist Bureau, 22-24
 Ireland, 154, 160, 163
 Ironmoulders' Union, 175
 Italy, 25, 122, 181

J.

Japan, 4, 5
 Jericho, 31
 Joint Industrial Councils, 81, 83, 149, 151, 152
 Jones, Jack, 175

K.

Kaiser, 167, 168
 Kartel System, 3, 4, 6
 Kautsky, Karl, 25, 121, 158, 173, 175
 Kenworthy, Commander, 159
 Key Industries, Unstable, 20, 21
 Keynes, J. M., 133, 196
 King, Joseph, 57

L.

Labour, 5, 6, 38, 48, 50, 51, 53, 56, 77, 78, 79, 82, 84, 85, 90, 93, 98-100, 115, 121, 123, 126, 127, 136, 137, 139, 159, 160, 164, 176-178, 193-195
Labour Gazette, 124
 Labour, General Staff for, 79, 89, 160
Labour Leader, 57
 Labour, Ministry of, 45, 83
 Labour Party, 23, 24, 26, 120, 140, 157, 162, 187, 193
 Labour Party Executive, 22-25, 120
 Lancashire, 41
 Lancaster, 130
 Lansbury, George, 27, 59, 60, 63, 67, 68, 90, 127, 128
 Lantern, Victor, 57
 Law, Bonar, 110, 121, 146
 League of Nations, 54
 Leeds, 15-17, 131
 Leipzig, 161
 Lenin, 26, 56, 57, 79, 120, 121, 157, 158, 196
 Liberalism, 162
 LIBRARIES, PUBLIC, 15
 LIMITATION OF PROFITS, 84
 Liverpool, 15, 27, 28, 50, 56, 78, 124
 Locke, 66
 Lodge, Sir Oliver, 95
 London, 22, 24, 25, 78, 80-83, 107, 130, 154
 Longuet, Jean, 25, 157, 158
 LOOK BEFORE YOU LEAP, 141
 Lucerne, 26
 Lyons & Co., 14

M.

Macaulay, 35
 MacCready, General, 29
 Macdonald, Ramsay, 22, 25, 26, 78, 122, 158, 175
 McGurk, John, 25
 McLaine, W., 57, 63, 90, 91
 MacLean, John, 78, 79, 120, 121, 187, 190, 191
 McLean, Neil, 77, 78
 McQuisten, Mr., 109
 MAJORITY PRINCIPLE, THE, 111
 Malone, Colonel, 94
 Mallalieu, T., 175
 Manchester, 41, 57
 Mann, Tom, 50, 79, 92, 155, 161, 188
 Marczy, 156
 Markham, Sir Arthur, 10
 Marshall, Alfred, 71
 Marston, James, 29
 Martov, 158
 Marx, Karl, 156
 Marxism, 34, 119, 155, 156, 173
 Mellor, Wm., 91, 122, 135, 173, 176
 Merheim, 157
 Metropolitan Police, 28, 29
 Meynell, Francis, 127
 Military Service Act, 96
 Miners' Federation of Great Britain, 11, 29, 51, 53, 58, 69, 136, 138, 154, 187, 188
 Minimum Wage Act, 52

Ministry of Labour, 45, 83
 Ministry of Munitions, 151
 Ministry of Reconstruction, 45
 MINORITY PRESS, VIEWS OF, 27, 36, 89,
 120, 157, 190
 Mistral, 25
 Mohammed, 144
 Molière, 128
 Money, Sir Leo Chiozza, 63, 127, 128
 Montefiore, Dora, 120
 Moscow, 26, 161
 Munitions, Ministry of, 151

N.

Napoleon, 63
Nation, The, 160, 161
 National Brassworkers' Union, 64
 National Debt, 146-148
 National Industrial Council, 80, 81
 National Sailors' and Firemen's Union, 126
 National Socialist Party, 175
 National Union of Clerks, 155
 National Union of Dockworkers, 124, 175
 NATIONALISATION, SOME ASPECTS
 OF, 115, 177
 Nationalisation, 5, 115, 116, 138, 188
 Nations, League of, 54
 Navy, 79
New Age, The, 77
 NEW MAP OF EUROPE, THE, 181
 NEW UNIONISM, THE, 185
 Newcastle, 64
 Newton, Isaac, 48, 63
 No-Conscription Fellowship, 126
 Noel, Rev. Conrad, 128
 Noske, 157
 N.T.W.F., 51
 N.U.R., 51, 58, 60-63, 77, 121, 140, 154, 155,
 175

O.

O'Connell, Cardinal, 119
 Office of Works, 151
 ON ATMOSPHERE, 75
 ORGANISED LABOUR, ACHIEVEMENTS
 OF, 98
 ORGANISING FOR CHAOS, 77
 Oxford, 36

P.

Pannekoek, 156
 Paris, 23, 122, 159, 181
 Parliament, 10, 16, 17, 36, 57, 67, 79, 80, 99,
 126, 132, 135, 136, 187
 Parliamentary Labour Party, 23
 Peace Treaty, 159, 181
 Petrograd, 23, 24, 120
 Phillimore, Lord, 32
 Plymouth, 123
 Poland, 181-184
 Poland, Austrian, 182, 183

Poland, Prussian, 182, 183
 Poland, Russian, 182-184
 Police Union, 27-29
 Poor Law, 18
Populaire, 122
 Portsmouth, 151
 Portugal, 25
 Posen, 181, 183, 184
 Postal Workers' Union, 27, 155
 Pottery Industry, Council of, 150
 PRACTICAL ECONOMICS, 37, 71, 101, 169
 Premium Bonds, 123
 Profiteering Committee, 125
 PROSPERITY AND THE GROWTH OF
 CAPITAL, 130
 Prussia, 160, 181
 PSYCHOLOGICAL FACTOR, THE, 48
 PUBLIC LIBRARIES, 15

Q.

Quelch, Tom, 89, 90, 120

R.

Railway Review, 63
 Railway Strike, Oct. 1919, 54, 55, 57-62, 77, 78,
 89, 91, 127
 Ramsay, David, 158
 Rank and File Movement, 64, 162
 Reconstruction, Ministry of, 45
 Reichstag, 167
 Renaudel, 25, 26, 157
 Renwick, G., 109, 110, 124
Representation in Industry, 93
 Roberts, G. H., 194
 Robertson, John, 11
 Robinson, W. C., 127
 Rockefeller, John D., 93
 Roebuck, 2
 Rowntree, 133
 Ruskin College, 155, 156
 Russia, 22-25, 32, 46, 48, 57, 67, 106, 120, 121,
 138, 157-161, 167, 168, 176, 181, 183, 184,
 189
 Russian Revolution, 57
 Russian Workers' and Soldiers' Council, 23

S.

Saar Coalfield, 181
 Savonarola, 31
 Scandinavia, 23, 24
 Scheidemann, 157
 Schweitzer, J. W., 191
 Scotland, 72, 78, 79
 Scottish Labour College, 57, 63, 90, 92, 156
 Scottish Workers' Committee, 187
 Serbo-Croatia, 181
 Sexton, James, 78, 175
 Shakespeare, 63
 Shaw, G. Bernard, 126, 144
 Shaw, Tom, 175, 176
 Shaw, William, 130

Sheffield, 190
 Shop Stewards' Committee, 158
 Silesia, Upper, 181
 S.L.P., 56, 157, 185
 Smillie, Robert, 52, 53, 162, 187, 188
 Snowden, Mrs., 25
 Social Revolution, 56, 59, 144
Socialist, The, 36, 56, 157, 158
 Socialist International, 26
 Socialist Republic, 121
 Socialist State, 115, 116, 178-180, 195
 Socialists, 22, 25, 39, 43, 116, 122, 141, 142, 174, 185, 190
Solidarity, 157, 158, 162
 SOME ASPECTS OF NATIONALISATION, 115
 Soviet Republic, 175
 Soviets, 57, 120, 161, 176
 Speenhamland, 18
 Spencer, 173
Star, The, 192
 State, 19, 21, 37, 52, 53, 60, 69, 73, 96, 99, 104, 105, 108, 110, 115-117, 146, 150, 151, 156, 166, 168, 171-174, 177-180, 187
 State Control, 68
 State-Ownership, 5, 20, 69, 177, 187
 Stationery Office, 151
 Steam Engine Makers' Union, 64
 Stewart, Wm., 92
 Stockholm, 23, 24
 Stuart-Bunning, G., 25
 Suthers, R. B., 64
 Sweden, 23
 Switzerland, 25
 Syme, H.C. Inspector, 28, 29
 Syndicalism, 34, 50, 51, 53, 66, 122, 185

T.

TAXATION OF CAPITAL, 104, 146
 Tchicherine, 121
 Textile Workers' Union, 175
 Thackeray, 128
 Thomas, Albert, 25
 Thomas, J. H., 25, 34, 35, 61, 91, 127, 140, 175, 194
 Thomson, Sir Basil, 59
 Thomson, Col. C. B., 194
 Thorne, Will, 175
 Tillett, Ben, 158, 175
Times, The, 31, 32
 Toryism, 162
 Trade, Board of, 45, 62
 Trade Union International, 26
 Trade Unionism, 27, 28, 50, 53, 57-59, 68, 98-100, 137, 176, 185, 189
 Trade Unionists, 22, 25, 26, 127, 176, 185, 192
 Trade Unions, General Federation of, 26, 175
 Transport Workers' Federation, 27, 120, 126
 Treasury, *The*, 45, 104
 TRIPLE ALLIANCE, *THE*, 50
 Triple Alliance, *The*, 29, 50-53, 61, 77, 137, 138
 Troelstra, 25
 Trotsky, 120, 157
 Trust System, 6

T.U.C., 26, 28, 42, 43, 77, 135, 160, 161
 T.U.C., Blackpool 1917, 25
 T.U.C., Glasgow 1919, 28
 T.U.C., Parliamentary Committee, 24, 25
 Turati, 153
 Turner, Ben, 127

U.

Ukraine, 181
 UNIONISM, *THE NEW*, 185
 United Brassfounders' Association, 64
 United Machine Workers, 64
 United Patternmakers' Association, 64

V.

Vandervelde, Emile, 23, 122
 Vibert, 25
 Vienna, 182
 VIEWS OF THE MINORITY PRESS, 27, 56, 89, 120, 157, 190
 Vinogradoff, Professor, 132
 Vistula, Lower, 182

W.

W.A.A.C., 13, 14
 Wales, 79, 132, 151
 Wales, South, 53, 69, 155, 186, 187
 Wales, South, Miners' Federation, 155, 175, 188
 Wales, South, Socialist Society, 186-188
 War Aims Memorandum, 25
 War Cabinet, 44
 War Office, 151
 Ward John, 161
 Warsaw, 183
 Watt, James, 2
 W.F.A., 44, 118, 154, 156
 Wells, 25
 Whitehead, E. T., 192
 Whitley Councils, 150-152
 Whitley Report, 149-151, 153
 Wigan, 195, 196
 Williams, Robert, 120, 126, 127, 161, 194
 Wilson, J. Have-lock, 126
 WOMEN AND THE RAILWAY STRIKE, 54
Worker, The, 90, 187
 Works Committee, 149, 150, 152
 Works, Office of, 151
 Workshop Committee, 79, 158

Y.

Yorkshire, 41
 Young, Arthur, 131
 Yudenitch, 120

Z.

Zimmerwald Conference, 23

CORRIGENDA.

Page 60, line 27, for " War wages, and the rest of it knew " read " War wages and the rest of it, and knew."

Page 184, line 27, for " Zlotz " read " Zloti."

No. XXV

SEPTEMBER

MCMXIX

"Gently, John—gently downhill. Put on
the drag."

—*Sydney Smith.*

INDUSTRIAL PEACE

CONTENTS

Foreign Trade

Coal Mining.—II.

Apprenticeship

Public Libraries

Economic Independence

The International—II.

Views of the Minority Press

Food for Thought



INDUSTRIAL PEACE

FOREIGN TRADE.

Great Britain's Early Supremacy.

THE story of the growth of nations is the history of invention—a force which stands between the diminishing fertility of land and the demands of a people increasing in number and in variety and complexity of wants. Since the day of the master craftsman and the “open field” cultivation of the land, the evolution of industry—or the growth of invention and organisation—has proceeded at an ever-accelerating speed. In the era between the Napoleonic and Franco-Prussian wars it is roughly true to say that Britain was the sole great exporting country of manufactures in the world. The inventions of the latter quarter of the 18th century which paved the way to the “Industrial Revolution” of the early 19th century, Watt’s steam engine, Roebuck’s iron-smelting and Cort’s puddling and rolling processes, the spinning and weaving inventions of Hargreaves, Crompton, Arkwright, Cartwright, and others, followed one another in rapid succession, and, coupled with the immense transport facilities brought about by the construction of Brindley’s canals, enabled England to build up vast trade connections before the rest of Europe had awakened to a realisation of the advantages of power over hand-driven machinery. By 1820 modern industry and the life of the great city was an integral part of our national life, whereas in France in that year it is recorded that there were just sixty-five steam-driven engines at work. Such progress as we then made was rightly termed “industrial revolution.” At a single bound we left our rivals in trade and industry hopelessly out-distanced, and then, like the hare of Æsop’s fable, fell asleep, profoundly convinced that we had nothing to learn or to fear from the slow-going tortoise.

Continuous Evolution of the Mechanism of Foreign Trade.

But the process of evolution has not slackened in its course. The means of rapid communication of the present age make it difficult for any nation to reap material benefit from the monopoly value of its own discoveries. The nations of Europe run neck to neck in their knowledge of the miracles of the age, and it is therefore more particularly in the invention of new

forms of organisation, in the substitution of new forms of combination for old forms of competition, that they now strive to head the race for the satisfaction of increasing wants in return for a decreasing expenditure of effort. Before the war British trade was seriously menaced on many sides, not so much because the foreigner could, man for man, or machine for machine, produce a better article than he, but largely, though not entirely, because the Englishman failed to adopt the new inventions in organisation which necessity had thrust upon late-comers struggling for an entry into the world's markets.

The Growth of the Kartel System.

After the year 1870, owing to the policy adopted by Bismarck in Germany, the development of German industries was energetically undertaken. It was found, however, that the markets of the world were in the hands of British exporters and British manufacturers. If the foreigner was to secure a footing in world markets, therefore, he had to compete with the man already in possession. This meant that unless he were content to sell his actual labour at a lower price than his British competitor, he must invent some method of production or some form of organisation that would give him an advantage in the cost of production of his goods. The German concentrated on improved methods of organisation and the Kartel system arose. The Kartel is the European form of combination in industry corresponding to the American trust. The objects of both are much the same, but in structure they differ widely. The Kartel is essentially democratic. Independent firms enter into an agreement for a given number of years to regulate their output and fix their prices according to the decisions of a representative body to which each firm sends a delegate. To ensure adherence to the agreement entered into, the firms forming the Kartel sell to their own bureau, which disposes of the whole product in the open market and without unnecessary competition. Thus the firms remain independent units, control their own internal organisation, and compete among themselves in their methods of manufacture and in economies in the handling of raw material and of labour. The economy of such a system is obvious. Equally obvious is the disadvantage under which British firms laboured, before the war, fighting each other individually in foreign markets, cutting one another's throats and strangling themselves in senseless competition, whilst the Germans worked as a single organised unit, competing only with the foreigner.

At the same time the Germans combined again as a nation to

secure their home markets to their own manufacturers under a system of tariffs. The home market assured, all export trade meant increased scale of production, with its fresh economies and consequent lessening cost of production, placing the German again in a relatively favourable position in the open market abroad. The American trade combination—less defensible in many respects and more susceptible to anti-social uses—worked in much the same way as regards its entry into foreign trade, and at the outbreak of war Germany and America were already crowding and jostling us uncomfortably in the world-markets.

General Lessons of the War.

It is true that the war has brought us to a sudden and more or less complete realisation of many facts that we had hitherto ignored, teaching the British manufacturer the important part played by massed production and standardisation in cheapening cost of production, and generally compelling him to modernise his works, scrapping obsolete machinery, and introducing modern in place of antiquated methods. But against this we must debit the tremendous impetus which this same war has given to American manufactures and to the Japanese industry, which, adopting German methods, made full use of its exceptional opportunity, and now stands firmly on its feet, as formidable an opponent as its European competitors.

There can be no doubt that if the British manufacturer fails now to interpret the lessons of the war and attempts to return to his own individual methods, he will inevitably be defeated in the near future by the American trusts, the German Kartels, and the Japanese trade combinations.

Slow Progress of the Combine System in Great Britain.

The idea of the adoption of some method of combination is not unfamiliar to the British manufacturer. The notion has been played with for the last ten years, and the trend of our own big industries is most certainly towards combination. But the Englishman is, before all things, an individualist and a conservative. His innate distaste alike for innovations and for team-work have hitherto made progress on the lines of his German and American competitors perilously slow and uncertain.

Other Advantages of our Competitors.

Nor is his backwardness in this respect by any means his only handicap in the race. The frugal standard of living in

Japan and its consequent low labour costs, the German's tremendous capacity for work, the strong incentive and new bond of unity which his country's common misfortunes now give him, the energy, enterprise and initiative of the American: these are rich assets which help to swell the balance in favour of our several rivals in trade. Against ourselves we must further debit the present wasteful methods of management. If we add (as we must, despite the fact that the dislocation and unrest is to a great extent general) the enmity and distrust between Capital and Labour, giving rise to ever-increasing demands from the workers, coupled with reduction in total output and reduction per unit of capital, due to ca' canny, bad time-keeping, short hours and general slackening of all effort, it is evident that British industrial policy must change radically and swiftly if we are to keep abreast of our competitors in the struggle for markets.

Transient Nature of the Coming Trade Boom.

The present markets are abnormal and cannot be taken as evidence of sound prosperity. The holding up of normal production for nearly five years, the actual destruction and the wear and tear of war have left us depleted of stocks of every kind. There will be a phenomenal demand for everything, and when things settle down again and confidence is restored, a period of commercial prosperity is within the reach of all. But this tremendous boom in industry will pass; the unusual demand will be satisfied within a few years, and the struggle will be more acute than ever. Great Britain must beware of this false prosperity due to the abnormal conditions existing as the aftermath of war. If at the end of this period British manufacturers have not so organised themselves that they can compete successfully in world markets, the nation can hardly hope to retain its position of supremacy in international trade.

Nationalisation or Private Enterprise.

Employers must learn to view their industry as a whole. Petty jealousies and personal considerations must be put aside and members of an industry must unite and submit to some measure of control amongst themselves for the realisation of their own and of the national welfare. There is no middle course: they must either go forward now, or go back. The goodwill of Labour must be gained. Willing workers are at least half the success of the enterprise, and the minds of the workmen are now turned in the direction of nationalisation and State-ownership. The British workman,

however, is amenable to facts where he is deaf to argument. The present is not the time for experiments that have already been made and failed so often. Labour's first demand is for a greater share of wealth. It must be demonstrated that to this end greater production is essential, and that both the value and the volume of our production depend upon our trade with other countries. If we believe that private ownership, duly controlled for the protection of labour and the consumer, is the *sine quâ non* of industrial prosperity, we must remember that the only argument in favour of such a system that will make any appeal to the mass of Labour is the proof of greater efficiency, greater production per unit of labour and capital.

Foreign Banking Systems.

Our banking system, too, is old-fashioned and inadequate. There is the closest possible association between the German and the American banks and the big industrial Kartels and Trusts, the latter relying on the former to supply the necessary capital for all industrial developments. In this country the banker takes his stand on the fact that he has no right to lend the public's money in small and somewhat speculative trade, and therefore prefers to lend money in big blocks to the American and German banks rather than to use it to develop our native industries.

There is something to be said for his argument, as if he lends money against some easily negotiable security he can at any time realise it, while should he tie it up in some trade concern he will probably find it unrealisable except at a big loss at a time of crisis. Greater banking facilities are urgently needed to-day, but the banks depend to a great extent upon the industry, and the remodelling of the former must be coincident with the reform of the latter. The one cannot go very much ahead of the other.

There is now a tremendous opening for trade which, if it can be taken advantage of, will greatly help the present position, but this general prosperity cannot last. Unless we adopt some definite scheme of combination we shall lose ground in the struggle that will follow, the demand for the product of our staple industries will wane and unemployment on a great and increasing scale will result. Great Britain can only support her vast population in comfort and prosperity if her unit of effort is as productive as that of her foreign competitors.



COAL MINING.—II.

Last month we published an article contributed by Dr. John Scott Haldane, F.R.S., who has been engaged in the investigation of questions concerning the safety of coal mines for twenty-five years. Below we give Dr. Haldane's second article.

Health and Safety.

LIKE work on the sea, or in the air, work underground tends naturally to be dangerous. There is risk in descending or ascending, risk from machinery, in the darkness and confined spaces, from falls of material from the roof, from explosives; risk also to health from various causes, including ordinary impurities in the air and the poisonous gases from explosives or fires. In coal mines there is the added risk from explosions.

A very general impression exists that, considering all this, the combined risks to life in coal mining must be a good deal greater than in average occupations. The Registrar-General's statistics show that sixty or seventy years ago, when coal mining was still in its infancy, this was the case. Not only was the accident death-rate excessively high, but that from disease was also above the average for other employments. Since then, however, in spite of the greatly increased depth of pits, the death-rate among British coal miners has been reduced to such an extent that coal mining in this country is now one of the occupations with a comparatively small risk to life. The accident death-rate among coal miners, although only about a fourth of what it formerly was, is still abnormally high, and on this account the total death-rate is not so low as in exceptionally safe occupations, such as that of farm workers. But it is nearly as low as that of lawyers, and considerably below the average for all occupations. Among shopkeepers or doctors, for instance, the death-rate is higher than among coal miners.

The following table, compiled from the last Blue Book on occupational mortality, illustrates these points. Owing to defects in census returns, reliable and detailed figures are not yet available for men over 55; but such figures as have been published indicate that among old coal miners the death-rate is practically the same as for average employments. The healthy conditions of coal mining work do not postpone the advent of old age. As a contrast to coal mining, I have given also the figures for what is almost the most dangerous occupation in this country—that of men engaged in the sale of alcoholic liquors in public-

houses and similar places of employment. These men work in far more dangerously polluted atmospheres than coal mines, and handle substances which in actual practice are far more dangerous to handle than machinery or explosives.

DEATH-RATES PER 1,000 LIVING AT EACH AGE-PERIOD.

Age-Period.	15-25	25-35	35-45	45-55
All occupied and retired males,	3.5	6.3	10.9	18.7
All occupied and retired coal miners . .	3.9	5.1	8.0	15.2
All occupied and retired barristers and solicitors	—	4.9	7.6	13.8
All occupied and retired doctors	—	5.6	10.6	18.5
All occupied and retired farm workers . .	2.4	4.3	6.4	11.2
All occupied and retired shopkeepers . .	3.1	5.6	9.4	16.4
All occupied and retired printers	4.5	6.6	10.8	18.6
All occupied and retired innkeepers, publicans, and their male servants . .	4.8	14.1	23.5	31.6

The reasons for the relatively low death-rate among coal miners are, firstly, that the actual work of a miner is wholesome, producing a high standard of health and physical efficiency; and, secondly, that practical skill, scientific knowledge, discipline, mutual loyalty, and good pay have more than outbalanced the natural risks to life of mining. One source of danger after another has been faced, studied, and then mastered. Down the pit, in the offices of managers, colliery staff, and mining engineers, at the works where all the splendid machinery now used is designed and made, in engine-rooms, in scientific laboratories, this work of studying and defeating danger has gone on, side by side with the work of studying and overcoming the difficulties and reducing the expense of getting coal. The trade unions have played a most valuable part in obtaining and keeping a good standard of wages and, as one consequence, a good standard of nutrition. Under that system which, according to what seem to me the singularly unfortunate words of the Chairman of the Coal Commission, "stands condemned," coal mining has by continuous human effort been made, in spite of its natural dangers, considerably safer all round than average occupations in this country.

To illustrate this statement I may briefly outline the story of how the danger from explosions has been, and is being, met. In former times these explosions were attributed exclusively to the explosive gas (firedamp) which is given off from freshly mined coal. Effort was therefore directed towards the removal of this and other gases by ventilation. The laws of distribution and flow of air were studied, and the knowledge gained was

applied to practical ventilation. Coal mines were for long ventilated by fires so arranged as to warm the air in the upcast (return air) shaft and so create a current. Gradually, however, the more efficient, safer, and less expensive colliery fan was perfected, and practically all coal mines are now ventilated by a powerful fan at the top of the upcast shaft. An old method of getting rid of small accumulations of firedamp was simply to light them with due precaution. This was the duty of the "fireman." The name still survives as that of the official who examines all the workings before a shift goes in. Through the invention by Sir Humphry Davy and others of safety lamps the danger of accidentally lighting firedamp was further diminished, and now nearly all coal miners use one form or another of safety lamp.

The whole question of assuring safety from explosions in the coal mines of this country began to assume a new phase when, about forty years ago, Mr. Galloway (at that time a junior inspector of mines) pointed out—in the face of official and other opposition which led to his resignation—that firedamp alone will not account for great colliery explosions, and that coal-dust plays a predominant part. His ideas were soon continued and extended in a book embodying the careful observations and vigorous scientific reasoning of two other junior inspectors, Messrs. W. N. and J. B. Atkinson, who, fortunately for coal-mining and for the credit of the Home Office, retained their positions. Gradually these views prevailed, till at last it was recognised that coal-dust without the presence of even a trace of firedamp is capable of exploding when mixed with air, and is actually responsible for the great loss of life in every great explosion, without exception. A great explosion may be started by a small gas explosion; but as often as not the flame from a shot fired to blast the coal or rock is the starting-point. The most terrible explosion on record—that at the Courrières Colliery in France, where about twelve hundred men were killed—occurred in the complete absence of firedamp. To meet the danger various forms of flameless explosives were devised, together with special precautions in blasting, or total avoidance of it in some mines. Another method of meeting the danger was to water the underground roads so far as this was possible without making the roof unsafe. This method was, however, more or less ineffective and impracticable.

A few years ago another method—that of adding stone-dust along the roads—was thought out by Mr. (now Sir William) Garforth, applied in the collieries under his direction, and partially tested by experiment in a specially constructed gallery

there, at the expense of the Coal Owners' Association. These experiments had to be broken off as they were too dangerous. I was present when part of the gallery was blown to fragments and heavy pieces of boiler-plate hurled right over our heads while we were standing watching on the main Midland line. The apparatus was moved to a safe place on the Cumberland coast, where the experiments were continued at Government expense. They finally showed that when equal parts of shale-dust are mixed with coal-dust the mixture cannot be ignited in the air either by the heaviest shots with flaming explosives or by gas explosions. Large numbers of collieries have now adopted the plan of stone-dusting, and there is every reason to believe that they are safe from disastrous explosions. All the recent explosions have been in collieries where there was no artificial stone-dusting and the special precautions taken were hardly more than those prescribed by the existing Government regulations.

It is sometimes supposed that the present standard of safety and health in coal mining is the result of legislative foresight and inspection. This is only the case to a certain limited extent. Legislation and inspection have played a most useful part in maintaining a minimum standard of mining practice in relation to safety; and individual inspectors of mines have, up till recent years, made very valuable contributions, as has just been illustrated, to the common stock of mining knowledge. But actual progress comes mainly from those engaged in the industry itself, or in close touch with its problems. When Parliament or the Home Office has attempted to move ahead of well-established mining practice the usual result has been dismal failure. One potential defect of Government regulation is that it is apt to lead to endless waste of time, money, and energy over mere trivialities. Over-legislation tends also to stereotype methods which have become obsolete, and so becomes a direct hindrance to progress. Unfortunately these faults are prominent in connection with various details of recent Government regulation. Waste of the time of managers and inspectors is in reality a very serious matter, since it keeps them from the important progressive work which they ought to be doing, and so far as I can judge this effect has been very marked in recent years.

The organisation of the mining industry in connection with special scientific work relating to mining is at present very defective. The only research laboratory in direct touch with coal mining is that of the Doncaster Coal Owners' Committee, of which the late Sir Arthur Markham was chairman. The American organisation is now much more extensive than ours.

In others respects also the organisation of the industry in relation to health and safety is defective. The Miners' Federation and district unions are, it seems to me, ineffective in relation to many matters where progress requires the organised co-operation of the miners. As an instance I may mention the institution of pithead baths and changing houses for miners. The advantages in miners changing their clothes and washing at the pithead have been evident for long, and at metalliferous mines washing and changing at the pithead has been the universal custom for generations. The matter was gone into very fully more than ten years ago by the Royal Commission on Health and Safety in Coal Mines, of which I was a member. On its recommendation the provision of pithead baths was made compulsory if a majority of the miners asked for them, unless the cost of supplying proper water was excessive. In his evidence before the Coal Commission, Mr. John Robertson, now M.P. for the Bothwell division, gave a striking picture of the trouble and dirt produced in miners' houses, to the great detriment of the children, by husbands and sons coming home without first washing and changing. I am in full agreement with him over this.

Hitherto the obstacle to provision of pithead baths has been the lack of organised support from the miners. To me personally it was a keen disappointment to find, ten years ago, so much indifference; but I thought that the support would soon come as a result of the new legislation. Here is at least one matter in which the present miners' organisations have failed. I believe that the question of pithead baths could be dealt with successfully by means of pit committees such as were referred to in a previous article. The housing question and the practical prevention of accidents are also matters in which such committees would certainly be very useful. I do not think that either district committees or a central mining council could efficiently do the work which would naturally devolve on pit committees; nor do I think that the special scientific problems connected with mining could be dealt with efficiently except by laboratories in close local touch with the industry.



APPRENTICESHIP.

Domestic Training.

APPRENTICESHIP is one of those few things which are universally praised. It certainly combines a good many advantages. It confers a status on the aspiring craftsman or craftswoman. It sets up personal relationships of considerable interest and advantage for the parties. In opening the way to livelihood it emphasises the specialisation of work. Specific training promises a fairly sure footing in some definite branch of industry. The existing conditions of apprenticeship in this or that branch may, of course, be less praiseworthy than apprenticeship in the abstract. In some cases, for example, the term of apprenticeship may be too long: in others the training is scrappy. In some trades apprentices are admitted too freely, while in others restriction is severe. But apprenticeship, in the broad meaning of training, is indisputably a good thing. For lack of training the output of work suffers. Workpeople suffer too, and not only because their earnings tend to be low. While contentment in work arises partly from the concrete rewards of work, it depends also on the measure in which work confers status and ministers to self-respect. Work that can be learned anyhow and done at haphazard, that is not recognised as suitable material for method and training—in short, for the application of intelligent standards—will always leave those who practise it ill-satisfied. A great many women's employments are of this unfortunate character. They are looked on as incurably unskilled and intractably casual. Women drift into them, and out of them again. Even if they linger rather long in them they look on them more as makeshifts than as careers. This is perhaps inevitable. Home ties and the prospect of marriage will always tempt women to regard employment, the preparation for it and its working conditions, less seriously than could be wished. But inevitable as this may be it is also disadvantageous. To be unskilled and untrained, to be without quotable qualifications or status, is a miserable condition. So far as it is possible it ought to be amended or remedied.

With these general suggestions in view let us consider certain difficulties about domestic service. Definite training and the more assured status that results from training are needed in many women's employments both for the sake of the work and

of the worker. The eventual return of women to home life might seem to make these precautions somewhat superfluous, at least as regards some employments. But this is not so with any training that a woman may have gained in domestic service. For domestic experience, unlike factory or business life, gives a woman an advantage when she comes to have a home of her own. Or rather, it *ought* to do so. But, as a matter of fact, a woman who has learned the value of method and has set herself a high standard of work in business life will not be overcome later by the problems of house management. On the other hand, a woman who, without training, without exact requirements imposed on her by her superiors, has passed years in slovenly domestic service, will probably be a poor housekeeper to the end. The spending of years on household tasks tells less than the spirit in which the tasks are done. There is a vast difference between a house run with method and order and one run anyhow. In some houses a thorough training can be had, but in others the reverse is the case. There are numberless houses in which, owing to various circumstances, girls as they grow up fail to get the training and the encouragement in home work that could be wished for them.

Let us consider by what arrangements for training domestic service could be popularised and domestic efficiency promoted. Educational authorities have done something by establishing institutes and courses. But these ventures are on a small scale. It is possible that the war has supplied an important object-lesson in the organisation of the Queen Mary's Auxiliary Army Corps, more familiar as the "W.A.A.C.'s." The W.A.A.C.'s have undertaken various sorts of work for the Army. These are graded from "A" to "F." "B," with which this article is concerned, is domestic. "B" has been a good school for many girls. The domestic work of a camp is, of course, different from that of a private house, but the difference is not so serious as to make argument from one set of conditions to the other impossible. Camp life has introduced the girls to discipline. It has taught them method and obliged them to work to a time-table. They have had the advantages of orderly life in a community. Camp life of any sort is perhaps not quite the best preparation for domestic service. This difficulty would not have existed, or would have been comparatively trivial, if the W.A.A.C.'s had been the auxiliaries not of an army but of some civil undertaking. But the essential idea which the organisation of the W.A.A.C.'s holds out is that of domestic work learned and done under effective discipline and under such general conditions as instil belief in method and set a steady

standard of work and promote reliability. For the purpose of this argument it is an accident that the W.A.A.C.'s were attached to the British Army. It is an essential point that the work they have done has not been "schoolroom exercises," so to speak, or "demonstrations," but real work. They might equally well have been attached, for example, to the Euston Hotel or to some of Messrs. Lyons' restaurants, or they might have provided the staff of some holiday institution, some all-the-year-round Fortnight-by-the-Sea scheme for relays of visitors. Their organisation might have thriven as well under an educational authority or a philanthropic society as under the War Office.

The running of some great Poor Man's Hotel by the sea or among the fells would scarcely interest the girls who flocked to the W.A.A.C. so much as the prospect of working directly for the British Army, or in quite the same way. But the change from the military to the civil footing need involve no serious break in continuity. The W.A.A.C. idea has enough vitality to accommodate itself to civil ends, while retaining enough of the *quasi*-military discipline to give momentum to its activities. Many people are asking what is to be done with the W.A.A.C.'s. The prevailing view among military authorities appears to be in favour of complete demobilisation. There is no harm in that if an effort is made to formulate clearly what the girls have gained from their experience, and in what analogous form the organisation can be turned to civil use. And there is no doubt that the Administrators of the W.A.A.C.'s are a remarkably capable body of women. Many of them, if not most, have fallen in love with their work. Many of them are well fitted to run an analogous venture under civil auspices.

It would be melancholy if the W.A.A.C.'s should pass away and leave not a wrack behind. Under the County Councils or the Board of Education the reconstituted W.A.A.C.'s might become a valuable training ground for girls in all domestic arts. The girls would work and they would continue to be taught; and the W.A.A.C. undertakings might be made practically self-supporting. A great stream of girls would be passing constantly through the ranks and out into self-respecting work. They would have the advantage ever afterwards of having an institution behind them. The community at large would gain in various ways that will occur readily to anyone who will ponder on the matter.



PUBLIC LIBRARIES: A NEW DEVELOPMENT.

It is curious how little public interest surrounds the public libraries. They enjoy, of course, a wide popularity with thousands of studious citizens. But no one expects to see much development in the character of their work. No councillor ever goes to the electors in November with a public library policy. The libraries themselves may give, on a cursory inspection, the impression of having been created complete, the need to buy a few books annually being excepted. You erect a building and furnish it, fill the shelves with books, and hire an educated and obliging man to assist the public to find what they wish to read. The rest lies with the readers. From year to year little change can be seen in the premises, or the stock, or the staff. But the appearance of finished development and all-round satisfaction is not to be trusted. In reality there is deficiency and grievance and a measure of helpless stagnation, not too well concealed behind professional gentility. The causes of this are to be sought in the public and in the bodies which are responsible for the libraries. It is one thing for a community impulsively to establish a library. It is quite another to face the implications of a library, and to find the money for growth. Even if a community were prepared to do this, it must first surmount a legal obstacle under conditions that put a premium on obscurantist resistance. Most of those who use public libraries are probably unaware of the existence of legal checks on their development. They would read the Act of 1855 with surprise, and would search in vain for reasons why a municipality should not be as free to spend public money on a library as on a bath-house or a deputation. But more will be said on this presently.

In 1917 Glasgow took the lead in establishing a technical and commercial reference library. Last year Liverpool, Bradford and Leeds successively took action towards the same end. At this moment other towns are completing their arrangements. There is little doubt but that this development will become popular, provided that—and this is the essential condition—the money can be found. But it is probable that unless the statutory limit of a penny rate can be removed, this auspicious development will not have the vogue it ought to have. In a general way, everyone will feel that the institution of commercial libraries is in keeping with the spirit of inquiry and the new eagerness for knowledge which the war has fostered. Not only that; the commerce and the industries of the nation have, unfortunately or fortunately, no practical option but

to seek after knowledge and ideas more than in the past, and to use constructive intelligence upon their problems. The public libraries that would gladly help the trades in this find themselves barred by poverty, and by an artificial poverty imposed by an Act of Parliament seventy years old, slightly relieved in some cases by special provisions, which raise the limit to a twopenny, or even a threepenny, rate, but in no case leave a community free to spend what it likes.

As regards the work of a commercial library, let me outline what is being done in the typical case of Leeds. The accommodation at present is one large, comfortable room, the shelving of which will not suffice for long. The books, in general, are the most recent and the most important which the library possesses upon their subjects. A long series of Government publications, British, Colonial and American, is available. These include many series of patent specifications—*e.g.*, the German specifications from 1896 to the outbreak of the war—and, of course, Consular Reports; also books of descriptive geography and travel which have commercial interest; works on all arts and crafts and applied sciences; manuals of banking, accountancy, advertising; labour literature and books on industrial conditions; in short, you will find books on all sides of commerce and manufacture, human, technical, geographical and political. A large selection of trade journals is kept; from these a collection of cuttings of the more important articles is being formed. These journals, like the Government publications, are almost exclusively British, Colonial and American. Foreign periodicals will probably appear in greater numbers when the world settles down to peace. Another interesting feature is a collection of atlases and of all sorts of directories and year books, some of them foreign. The chief remaining item is a series of trade catalogues, which it is for traders themselves to help to keep up to date. All of these collections are card-indexed.

That it is usually difficult to find an empty chair in the room is proof that the people of Leeds appreciate the new venture. Those who desire it may have the help of the specialist staff, not only in the routine work of selecting books or obtaining the answers to questions, but in more ambitious work—*e.g.*, the preparation of memoranda. Telephone inquiries are welcomed, and they are being made in growing numbers. Two local lists of some importance are kept—*viz.*, a list of all commercial and manufacturing firms in Leeds, with details of their business, and a list of translators from foreign languages. A “query” book is kept, and the following “queries” picked

from those of March 21st and 22nd, 1919, will show the variety of this side of the work : (1) Information on slide-rules ; (2) list of manufacturers of sweet-making machinery ; (3) works on road-making ; (4) manufacture of potash ; (5) information on the tin resources of Australia ; (6) filtration of sewage ; (7) co-operation in industry ; (8) manufacture of resins.

It will be clear from the above that these new reference libraries, of which the Leeds case is typical, embody a distinctive idea that is both new and good. Their aim is to be an intelligence department for the business community. They will have to fight against a certain amount of prejudice, no doubt, and also against the jealousy of those agencies which are already working towards the same end. But the libraries have an advantage in their public and non-sectional character. They may well prove to be the future intelligence staff of their towns, partly in themselves, and partly by working in close co-operation with existing agencies. The two indispensable conditions of success are up-to-date literature and a competent and adequate staff of experts. The basis of both these conditions must be money—and money is the rub. At Leeds the statutory limit on expenditure is the product of a twopenny rate, thanks to a special Act which doubled the amount allowed in the general Act of 1855. As the twopenny limit has been reached, or is about to be reached, Leeds is within sight of a library crisis. Many towns, restricted to the penny rate, cannot even embark on a commercial library. No matter how obviously good the new library policy may be, no matter how cheap—money-saving and money-making—it might prove in time, no public authority can exceed its statutory rate. Municipalities exist that would regard the expert staff and the growing stream of commercial literature as dead waste. Others, confident of the policy, would shoulder the expense, were they free. But they are all bound by the Act of 1855, or by the slightly more generous terms of Acts specially promoted. If the efficiency of its Cleansing Department were in doubt, no municipality would stint money. The municipalities together would make short work of any Act of Parliament that laid a restriction limit upon sanitation. Municipalities have long ago vindicated their freedom to apportion their expenditure, apart from loans and the service of loans, as they please. It is enough that they are responsible to ratepayers. The restriction of their initiative in respect of libraries is an indefensible *privilegium* against knowledge. It witnesses to the obstinacy of conservative philistinism seventy years ago. To-day it is an anachronism, a provocative and malicious anomaly. What is wanted is a short Act repealing the main Act of 1855.

ECONOMIC INDEPENDENCE.

ONE of the most serious obstacles to progress is the question-begging epithet. It is frequently employed by the labour agitator who has had little or no experience in the administration of labour affairs; by the tariff reform propagandist who has never had business experience; by the advocate of land taxation or prohibition of the drink traffic—in short, by any and every campaigner who knows the value of the catch-phrase in furthering his aim. During the next year or two we seem destined to hear a great deal about “economic independence.” Already there are signs of a strong and healthy reaction against the “subsidy habit.” Every industry, we are told, should stand on its own bottom. A nationalised coal industry which did not “pay its way” would be a calamity. A permanent subsidy on imported wheat would mean universal pauperism. Every nation, moreover, should “pay its way” and restore the balance of external trade. “Economic independence” must be re-established at the earliest possible moment.

The term is worthy of closer discussion. It does not signify economic self-sufficiency. Individuals, regions, nations, even continents, have long since abandoned the ideal of a self-sufficiency economy and accepted the fact of their interdependence. Independence, in the sense of self-sufficiency, would again be sought only if world-wars showed signs of frequent periodic recurrence, and legislation were based on their expectation. Such a policy would end in world-disaster. The term economic independence, then, signifies something quite different. It is a legacy of the Political Philosophers of the early nineteenth century, who were nothing if not thorough and consistent. They accepted the implications and corollaries of the term, which they examined mainly from two standpoints—those of the worker and consumer.

They held that the worker should receive, and live upon, what he earned, neither more nor less. The Speenhamland policy of granting subsidies in aid of wages was condemned without reserve. Those who were unable to find work which would enable them to exist without the assistance of organised charity were qualified for institutional treatment under the Poor Law. Inability to find such work was, indeed, attributed to lack of zest in its pursuit.

Nor were industries to be encouraged to rely upon external and artificial supports. They, like individual workers, should be self-reliant and able to meet foreign competition by drawing upon their own reserves of energy and invention. If these

were lacking, so much the worse for the industry. The nation should not forgo the advantages conferred elsewhere by the cheap imports. Freedom of enterprise and of trade with other nations was the corollary of the doctrine of "economic independence." Consumers, again, should pay for any article what it cost to produce. This end would be secured by unrestricted competition, which would also provide the worker with wages representing what he earned. Taxpayers should contribute to the national revenue in proportion to the benefit conferred upon them by the expenditure of such revenue. People should get what they worked for, and work for what they got.

Such, boldly stated, was the view of the *laissez faire* school of thought. It rested upon the belief in the "harmonies" of the competitive system, and in the prevalence of that system. It explains the importance attached to the moral value of "economic independence," and the opposition to positive action in economic affairs by the State, such action being described as "interference" or "encroachment." But the force of circumstances was too strong, and a powerful reaction set in, which was first observable in a change of attitude towards the problem of taxation. Apart from the difficulties of translating the "benefit" theory of taxation into a definite system, it came to be felt that so long as the revenue was employed wholly in providing public services—that is, services which conferred benefits on the people as a whole—payment should be exacted not in proportion to the benefits received, but in accordance with ability to pay. The next development followed rapidly. Certain items which had previously been regarded as part of the "household budget," to be met out of wages, were placed in the category of public services, and a start was made in the direction of a "modified communism." Education became free and compulsory, local services became a charge upon the rates, which were levied on the principle of payment according to ability. Moreover, the principle of an indirect subsidy to "consumers" was adopted in respect of normal services which were once regarded as a legitimate charge upon wages. Old-age pensions were granted without contribution; health and unemployment insurance was made compulsory and contributory. Medical treatment and meals were granted to necessitous school children. Abatements in respect of wives and children were allowed upon the taxes paid by recipients of relatively small incomes.

It is noticeable that in dealing with education no distinction was drawn between rich and poor. But other services, such as the provision of food for necessitous children, were of the nature

of relief, and restricted to the relatively poor. The most significant, however, are those formerly regarded as chargeable to the income of the "independent" worker, but now directly or indirectly subsidised by the State. The wage-earner is no longer "economically independent" in the sense in which the term was once employed. Grants-in-aid of relatively poor districts and abatements of income-tax to people in receipt of moderate incomes which provide for dependants, may also be regarded as weakening the old significance of the term. All represent an endeavour to secure ultimate distribution according to need rather than earning capacity.

The growth of monopoly has similarly affected the consumer. Where competition is effective the price of the product will be determined by cost of production, each unit of product bearing the same proportion of the overhead charges as every other unit. The price is, therefore, uniform over the total product, and this represents the price which the "economically independent" consumer should and would pay. Under monopoly conditions, however, the consumer is charged what the market will bear—in some cases little more than prime costs, in others a price covering a "disproportionate" share of the fixed or overhead charges. Railway companies issue tourist and excursion tickets; tramway companies give preferential rates to workmen and people travelling at certain periods of the day; electricity and gas are provided at different prices for different users; even doctors' charges vary according to the presumed incomes of the patients. Consumers, therefore, enjoy subsidies without being aware of the fact.

If, again, it be taken for granted that an industry should be self-supporting, the question naturally arises whether the same principle should be applied to each producing unit in that industry. It is held to be an advantage of State ownership that some units—coal mines, for example—might be operated at a loss which would be covered by the gain enjoyed from other units. The independence of the industry as a whole need not prevent parasitism within the industry. We are not here concerned with the expediency of a policy based on this principle, but merely note the fact that it denotes a departure from the meaning once attached to economic independence. If certain units are subsidised at the expense of others within the same industry, such units, together with their workers, cease to be "independent."

The most recent pronouncement of Government policy indicates an intention to provide support of some kind to "unstable key industries." Industries were subsidised during

the war for special reasons. Thus special subsidies were paid to iron and steel manufacturers to obviate the necessity of revising munitions contracts in face of the advances in cost due to the rise in prices of coal. Again, some colliery companies were subsidised from the "profits" of others to restrict the rise in prices necessary to cover the costs of wage advances to miners. Consumers of wheat are subsidised—by themselves. But the necessity for these was created by the war; and the abnormal conditions produced by war were not taken into account by the early nineteenth century publicists. Subsidies during war, and for the purpose of facilitating its prosecution, are of the nature of military operations. Economic strategy is subordinate to military strategy.

But the policy of protecting "unstable key industries" is not part of the strategy of war: it is part of the strategy of peace. Whether or not it be justified, the industries which may be fostered by such protection will obviously not satisfy the nineteenth century test of "economic independence." They will not "stand on their own bottom." The same criticism will not apply to industries which are merely protected against the dumping policy of foreign competitors, for the simple reason that the competitive imports are sold at prices below their own costs of production.

From what has been stated it will be clear that the term "economic independence" has lost much of its early significance. Nor should it be employed henceforth unless its connotation be made explicit, or at least implied in the context. There is strong reason to believe that the State will continue to march in the direction of a modified communism, seeking to raise the standard of living by the provision of public services either free or at prices which involve subsidies from public funds.

The old criterion of success—production—is no longer accepted as the sole criterion. The State can no longer be indifferent to the category of goods provided and services rendered. Nor will it be able to ignore the conditions under which production is carried on. Social and political considerations will play an increasingly important part. Rightly or wrongly, political considerations determined the attitude of the Government towards "unstable key industries"; social considerations will determine its attitude towards trusts, on the one hand, and, on the other, towards the problem of decentralisation of population. When political and social factors count for more than material considerations, and the sphere of "public services" is enlarged, "economic independence" will lose even more of the force which it once possessed as an ideal.

THE INTERNATIONAL.

II.—During the War.

JUST prior to the declaration of war, the British section of the International Bureau in London received the reports of the delegates who were returning from a meeting of the International Socialist Bureau, held on the previous day at Brussels. The British section issued an appeal, signed by Mr. J. Keir Hardie, M.P., and Mr. Arthur Henderson, M.P., calling on the workers to strain every nerve to prevent their Government from committing them to the war. It also organised a huge demonstration in Trafalgar Square on Sunday, August 2nd, 1914, but by Saturday, August 1st, Germany had declared war on Russia, and on August 5th Great Britain and Germany were at war.

On August 6th the Labour Party Executive passed a resolution stating that the war was due to diplomatic policies aimed at maintaining a balance of power, and that Sir Edward Grey, without the knowledge of the people, committed the country by promising to support France in the event of any war in which she was seriously involved.

At the above-quoted meeting of the Bureau in Brussels, the International representatives stated that "they considered it an obligation for the workers of all concerned nations to strengthen their demonstrations against war, and in favour of peace," but with war actually declared the Trade Union and Socialist representatives in Great Britain found themselves divided in all directions on questions of policy and activity, and a precisely similar result followed in practically every country in the world. There were not only broad divisions between Trade Unionists and Socialists of the Allied Powers and Trade Unionists and Socialists of the enemy Powers, but within each of the countries on both sides party strife made any possibility of a resumption of international relationships exceedingly remote. Certain sections, however, never wearied in their efforts. Sectional Conferences and interviews—official and unofficial—took place right through 1915, but an International Socialist Bureau could not be brought together.

On May 11th, 1915, the British section detailed Mr. Arthur Henderson, M.P., and Mr. J. Ramsay Macdonald, M.P., to proceed to the Hague (where the offices of the International had been established after the capture of Brussels by the Germans) in order to report to the Executive of the Bureau the position of Great Britain. Mr. Henderson's acceptance of a seat in the Cabinet necessitated his withdrawal from the delegation, and it was therefore decided to invite the secretary—Camille Huysmans—to visit London. He arrived in March,

1916, with Mr. E. Vandervelde, and interviewed the Labour Party Executive, the Parliamentary Labour Party, the Fabian Society, the British Socialist Party, and the Independent Labour Party. The I.L.P. pressed hard for a meeting of the Bureau in a neutral country, but, failing to get support, decided to give provisional adherence to the Zimmerwald Conference, on the understanding that it was prepared to support any international action in the interest of peace. They were informed by Huysmans and Vandervelde that no useful results could come from a meeting when the French section and the majority of the British section declared they could take no part while German troops remained on French and Belgian soil and the German Social Democrats continued to vote the war credits and refused to disavow the acts of military aggression and barbarism sanctioned by the German Government. The Zimmerwald Conference was not attended by British delegates, passports being unobtainable, and this independent International seems now to have died out.

Nearly a year passed, during which the only event in the history of the International worth recording was the attempt of the British Labour Party to secure a Conference of Allied Socialists in Paris on March 13th, 1917. This Conference, however, was postponed. The headquarters of the International Socialist Bureau were again moved, this time to Stockholm, and were put temporarily in the hands of a Dutch-Scandinavian Committee, presided over by Branting, the leader of the Swedish Party. This committee sought to arrange a consultation between delegates of the various nationalities engaged in the war. An invitation to participate reached the British Labour Party, but was declined. The Labour Party decided to try and call their own Inter-Allied Conference, preferably at the end of June, 1917, and to invite thereto the American Federation of Labour. It was agreed that all the majority and minority sections of the Allied Parties—that is to say, both those who were in favour of and those who were against the war—should be invited. At the same time the Russian Council of Workmen's and Soldiers' Deputies issued invitations to a Conference which was to be held at Stockholm. This led to the temporary postponement of the Labour Party's Conference, but, for reasons that are well known, the delegates failed to leave England for Petrograd, where they were to have discussed the proposal.

Mr. Henderson was then in Russia, and his report was awaited with great interest. On his return—it being clear that the Russian delegates were determined to hold their conference, whether the British Party were present or not—

the British Party decided to proceed with their own Inter-Allied Conference, and to call it for August 8th and 9th. But the divided activities in Petrograd, Stockholm and London had so complicated the International Socialist and Labour position that it was deemed necessary to further postpone the British Conference to August 28th and 29th. As soon as news of this decision reached Petrograd the Stockholm Conference was also put off.

The Labour Party then called a special National Conference, which met at the Central Hall, Westminster, on Friday, August 10th, 1917, and it was decided to send delegates to the postponed Stockholm Conference on condition that it was consultative and not mandatory. An amendment to negative the appointment on the ground that delegates from enemy countries would be present was lost.

Serious trouble then followed regarding the appointment of delegates, the Conference insisting on excluding the Independent Labour Party, the British Socialist Party, and the Fabian Society from direct representation, and upon their right to select the twenty-four delegates decided upon from the Parliamentary Committee of the Trade Union Congress, the Labour Party Executive, and the Conference that was then meeting. This being entirely against the basis of delegation arranged by the International Socialist Bureau, the Executive of the party found themselves on the horns of a dilemma. They had either to reject the decisions of their own Conference or throw over the constitution of the International Socialist Bureau. On this being realised, the Conference was adjourned until August 21st, so that the position could be considered. It was as a direct result of this conference that Mr. Henderson left the War Cabinet.

At the adjourned Conference on August 21st the Labour Party Executive submitted a resolution that it was still desirable for the British Labour Party to be represented at the International Socialist Congress. This was agreed to. The Executive then passed a resolution which would have given the I.L.P., the B.S.P., and the Fabian Society direct delegation in addition to the twenty-four delegates previously mentioned, but the Conference rejected it by an overwhelming majority, and the resolution of the previous Conference was carried. The Russian delegates and the Dutch-Scandinavian Committee subsequently sent in protests against this exclusion of the minority sections.

Meanwhile the arrangements had gone forward for the Inter-Allied Conference, which met in London on August 28th, there being sixty-eight delegates present from Belgium, France,

Portugal, South Africa, Russia, Italy, Greece, and Great Britain. The delegates argued for two days but came to no useful decisions. On September 4th the Trade Union Congress met at Blackpool, and there again resolutions were passed in an endeavour to straighten out questions of delegation and representation. From this time onward the Parliamentary Committee of the Trade Union Congress comes definitely on to the British side of the International movement. Subsequently a Joint Committee of the Labour Party Executive and the Parliamentary Committee of the Trade Union Congress reached an agreement in a document entitled "Memorandum of War Aims," and on December 28th this document was approved by a special Conference called by both parties. It was thereupon decided to convene another Conference of Allied Labour and Socialist parties in London on February 20th-24th, 1918, when the memorandum on War Aims was formally accepted. The essential part of the document was that there should be peace terms "in conformity with the principles of no annexations or punitive indemnities, and the right of all peoples to self-determination." The Memorandum was sent to the Socialists of the Central Empires, and the replies thereto from Germany and other countries have since been published.

1918 saw at least one other attempt to bring the Inter-Allied Trade Unionists and Socialists together in an endeavour to obtain some general agreement in London, but the final Conference, at which representatives were present from the American Federation of Labour and from Canada, in addition to those of most of the countries previously mentioned, was again abortive.

In November the Armistice was declared, and the Labour and Socialist Movements of Britain then made a series of attempts to influence the peace terms, the last and most important being that of the International Conference convened in Switzerland in February, 1919. Many of the most prominent Labour men in Great Britain declined, for various reasons, to attend this Conference, but J. H. Thomas, M.P., G. Stuart-Bunning, Ramsay Macdonald, Mrs. Snowden, Margaret Bondfield, C. T. Cramp (of the Railwaymen's Union), and John McGurk were among those present. The Conference was fairly representative. Thomas, Mistral, Longuet and Renaudel were among those present from France, while Wels, Superintendent of Police in Berlin, Kurt Eisner and Kautsky were typical of the German delegates. There was a gentleman described as Comrade Gavonsky from Russia, and another named Bachinger from Hungary. Better known personalities were Vibert and Troelstra from Holland.

Several conferences, none of which have met with any real

success, have recently been held at Berne. At the last Conference, held at Lucerne, some twenty-five nations were represented, and the aims of the Second International were summarised as follows :—" To re-unite the Socialist movements into one great organisation ; to maintain in the revolutionary periods a constructive democratic policy with distinct economic objects, but with national methods determined by national conditions."

The future attitude of the Trade Unions is undecided. There is a movement on foot to create a Trade Union International quite apart from the old Socialist and Labour International. This movement is being well supported by the American Federation of Labour, the General Federation of Trade Unions in England, and at least one large section of the French Trade Union movement. Mr. Ramsay Macdonald hopes that the Trade Unions will not join the Second International. In his view the movement should be purely political, and the Trade Unions should co-operate with it through their own International. The Trade Union Congress should not join with the Labour Party nationally to share votes in the Socialist International. "Its special work is to see that the Industrial International is not captured by a few nonentities of the type that seemed to attend at Amsterdam in too great numbers to represent America and a small section of our own Trade Unions."

Mr. Macdonald dismisses the so-called Third International (Lenin's organisation at Moscow) as the transient creation of a revolutionary period. Moreover, there are signs of bitter antagonism within the component groups of the Second which must be reconciled before effective progress can be expected. In Germany the Minority demands the expulsion of the Majority. "In France, the old Majority, led by men like Renaudel, becomes more and more impossible. It is not so advanced as the group of Free Liberals in the English House of Commons." The Belgians are no longer Internationalists, and the multiplication of the small nationalities has further complicated the situation.

Of the future it is impossible to prophesy, but that some form of International will arise once more, chastened in spirit by its past experiences and confining itself probably to less ambitious projects than those that distinguished previous endeavours, is inevitable in the development of future events. Capital, Finance, Trade and Industry all tend more and more as the years pass to vast and complicated international relationships, and the working classes cannot take their right place in the new world-organisation without cultivating international relationships on a corresponding scale.

VIEWS OF THE MINORITY PRESS.

"SPEAKING for myself, I disclaim any responsibility for the strike." Writing in the *Daily Herald* in support of a movement to raise funds for the discharged men who are now paying the price of their leaders' defeat in "class-war" strategy, George Lansbury (Editor) thus endeavours to regain the confidence of the dupes he knows he has misled and will mislead again and again in the endeavour to attain his end. With Mr. Lansbury the end justifies the means—be the end ever so problematical and controversial—and to disclaim responsibility for failures by the way, he regards, we suppose, as permissible diplomacy. Moreover, Mr. Lansbury possibly did take care not to be directly responsible for a specific strike. But a comparative reading of a little of the history of the recent police strike is interesting as an example of the rebel Press methods in general, and of those of the *Daily Herald* in particular.

At the time of the strike the Liverpool Labour Party issued a manifesto to the local trade unions. In this they stated that the Executive Council were "fully satisfied that this is a battle for the principles of Trade Unionism. . . We are further satisfied that if the Government succeed in breaking the Police Union they will turn their attention to smashing the power of the Transport, Postal, and other Unions in turn, and will seize on this trouble as an excuse for the permanent fixing of conscription upon us, and will throw back the Labour Movement fifty years at least." They therefore advise the trade unionists to support the Police Union "by every means in their power . . . and to disregard entirely the Press reports of the dispute with the exception of the Labour daily newspaper, the *Herald*." Apparently it was certain that this organ could be relied upon.

The Liverpool police strikers themselves issued a bulletin in which they stated that "either the police are ordinary workmen, like the postal servants, or the miners: if, then, it is a crime for them to have a trade union, then it is—or soon will be—a crime for the rest; or they are not ordinary workmen, and are to be regarded as an armed force to support the Government in its policy of civil and industrial repression; in that case they become a caste entirely out of touch with their fellow-citizens in trade unions."

The *Call* (August 21st) declares that "with the help of organised labour, the police can win even now, notwithstanding the passing of the Police Bill. One grave aspect of this matter

is that if this Union is crushed, *it is but the beginning of a definite attack on Trade Unionism*, and working-class leaders may soon bitterly regret that they did not strive to their uttermost to prevent such a thing happening. Again, the very fact that the police, a body specially formed to protect capitalist society, and often used against the workers—that this body of men should have organised as they have and gripped the principles of Trade Unionism, is wonderful, and should have commanded the utmost help of the whole Labour movement.”

The *Daily Herald* (August 4th), after urging everybody to “down tools,” points out that the violence in Liverpool is not the work of the strikers, but of the Government. “The Government delivered a deliberate and provocative attack on the whole Trade Union position, and tried by legislation to deprive the police of the strike weapon itself. The Government challenged the strike. It caused the strike. It must bear the responsibility of the strike.” Protesting with elaborate caution that it could not accept the responsibility of advising men to strike, this paper, on August 6th, advises its readers that it is incumbent upon the whole Labour movement to back the police strike. “The Government’s Police Bill is an attack not merely on the police, but on Labour, on Trade Unionism. The Trade Union Movement has accepted the Police Union as part of itself . . . this is no ordinary trade dispute. This is a question in which every trade unionist is as vitally concerned as are the police themselves; moreover, there is the direct obligation of honour. The police have been given to understand by definite trade unions that they could count on the support of those unions. They *have* counted on it. It is unthinkable that those who gave the understanding should not stand by it.”

Writing in *Forward* (September 6th), ex-Inspector Syme (one of the original founders of the Police Union, but opposed to the strike), invites the Trade Union Congress, which was then about to meet in Glasgow, to examine the facts of this “terrible fiasco” in the light of his own disclosures. And a re-reading of the above extracts in this same light shows how prone men are to misinterpret and to suppress facts which threaten to impede their aim, and the events at Liverpool and elsewhere show incidentally how easy—and how calamitous for the victims—it is to foster discontent and drive men to most desperate action by such misinterpretation and suppression.

“Since April last,” ex-Inspector Syme writes, “much talk has been indulged in by the President and Secretary of the Police Union and by the *Daily Herald* about the present Commission of Police militarising the Metropolitan Police Force.

It is simply not true. . . When General MacCready was appointed Commissioner he found military men in office as chief constables. He did not introduce the military element—just the reverse. Two chief constables have been appointed by General MacCready, and for the first time in the history of the Metropolitan Police the chosen men were policemen who had risen from the rank of constable to that of superintendent." The attempt of the *Daily Herald* "to build up a case on such false bases is absurd, and could have no other result than has occurred—the total wrecking of the Police Union."

Whilst disapproving the Police Bill, Syme ascribes the responsibility to Charles Duncan, M.P., James Marston and Duncan Carmichael, whose negotiations with Sir George Cave, after the police strike of September, 1918, resulted in the signing of an agreement specifically stating that the Police Union should "not claim to interfere with the regulations and discipline of the service or to induce members of the police force to withhold their services," and that the Union should "be entirely independent of and unassociated with any outside body."

Between the ballot for a strike on June 2nd and July 30th, when the strike was declared, "members had found out the farcical character of the ballot and the methods adopted to obtain a result. This discovery, more than the increased pay, accounts for the refusal of the main body to follow the Executive Committee." Syme proceeds to show how the ballot was manipulated and adds that the following statements were made to the men before the ballot was taken: "The Miners' Federation of Great Britain had voted £100,000 towards a strike fund. The Triple Alliance had given a pledge in writing to come out on strike in support of the Police Union. If the Government attack us on strike, Labour will come out on general strike." The Industrial Editor of the *Daily Herald* was specially informed by ex-Inspector Syme that these statements were false, and warned not to mislead men by publishing them.



FOOD FOR THOUGHT.

THOSE who make a habit of criticising the Prime Minister adversely—and there are many such—will find nothing inspiring in his latest message to the nation. We shall be told that the uttering of platitudes is no substitute for statesmanship and that the Welsh Wizard is only conjuring with words when he ought to be framing measures and preparing for action. Such carping, which, after all, is only another form of verbiage, is popular because it saves the effort of thinking. But we would ask these ever-ready critics, for once in a while, earnestly to review the present social and industrial situation in all its bearings and then to formulate, to their own satisfaction, the steps they would take if they were called upon to *act*. This done and the result committed to paper we think that they, in spite of all their previous sneers at the futility of mere talk, would be constrained to confess that they were powerless to bring any scheme to fruition until they had succeeded in persuading their fellow-countrymen to look the facts in the face, and in directing public opinion into the channels they desire. Their first step, therefore, inevitably would resolve itself into words, and we take the liberty of doubting whether they would produce anything so true or so effective as Mr. Lloyd George's message.

◆ ◆ ◆

Reaction and Revolution are like negative and positive currents which, though mutually repellent, can be produced by the same kind of friction and create reciprocal and responsive effects. So he who would remove the danger of revolution is well-advised when he starts by combating reaction; for it is a characteristic trait of the reactionary that he is generally unconscious that there is anything the matter with himself. He feels that his world is rocking and he thinks that his sole duty consists in hanging on, like grim death, to those stays and props that availed him of old.

◆ ◆ ◆

This being so, the first essential truth that must be driven home is that, if the ship is to be saved, a great deal of lumber that goes by the name of ballast must be jettisoned. Good cargo, even, must be sacrificed in the last resort. But the reactionary is slow to believe that the emergency has actually arrived. He must be taken by the scruff of his neck and forced to open his eyes to a realisation of things as they are.

Herein lies the significance and the value of the Premier's message. He asks the nation to visualise the past in all its nakedness. "What was the old world like? It was a world where toil for myriads of honest workers, men and women, purchased nothing better than squalor, penury, anxiety and wretchedness. A world scarred by slums and disgraced by sweating, where unemployment through the vicissitudes of industry brought despair to multitudes of humble homes. A world where, side by side with want, there was waste of the inexhaustible riches of the earth—partly through ignorance and lack of forethought, partly through entrenched selfishness. . . . The old world must and will come to an end. No effort can shore it up much longer. If there are any who feel inclined to maintain it, let them beware lest it fall upon them and overwhelm them and their households in ruin."



Some, especially those who have recently bought front seats in the stalls, will be scandalised at language which they consider is addressed over their heads to those in the gallery, with an ulterior and an unseemly motive. But is there any honest man of average intelligence who is prepared to deny that the words we have quoted are literally true? And if he admits their truth, is there anyone so shortsighted as to maintain that they are better left unspoken? Surely, the hour for plain speaking has struck, and until we find a popular Savonarola who will force us to listen, let us take to heart the warnings of the man who, however we may dislike his phrasology or differ from his politics, is nevertheless in the best position to know what he is talking about and who has the largest share of responsibility for giving advice to his fellow-countrymen.



Late in the day though it may be, the awakening is at hand, and the use of cottonwool as a defence is not so comforting as it used to be. We doubt not that the burghers of Jericho stopped their ears, but the trumpets prevailed in the end. It may be that had men listened betimes, the walls would not have fallen so ignominiously.



The elementary lesson which Mr. Lloyd George makes his theme is drawn from the past—its application has been dealt with in more detailed form by Dr. Charles Eaton in a notable article recently published by the *Times*. He, too, begins by insisting upon the impossibility of reverting to pre-war conditions and conceptions. He bids us face that fact, urges us to find a

way of all working together for the common good, and exhorts us to cultivate a new attitude of mind which, as he aptly remarks, is "absolutely alien to the class hatred and materialistic madness that have come out of Russia to infect and bedevil the world. . . . The destiny of man is his soul, and we must find some way of driving out suspicion, envy, hate and ill-will before we can create just and reasonable social relations. . . . The way to get rid of a small idea is to put a big idea in its place."



"A mine-owner is simply a trustee and servant of the nation. A mine-worker is exactly the same. Every business is a social service, otherwise its profits are got by fraud. Every worker is a national servant, otherwise he has no right to demand wages from the nation for his work. . . . Wages and profits both are paid out of production. And production is our only salvation to-day. For five years we have been destroying materials and men. The world's stock of food and goods is at its lowest ebb. . . . There will be more than enough work for everybody, and everybody must work. Pinch off the social parasites whether they be cooties or humming-birds and put them to work. . . . There is no substitute for sweat."



Reporters in the Press Gallery are, of course, as prone to make mistakes as the rest of us, and it is natural that the man who doesn't hear every word of a speech should unconsciously allow his wishes to be father to his thoughts when filling in the gaps. But after making the most generous allowance for the frailties of human nature, we still have an uncomfortable suspicion that the divergent records of Lord Phillimore's remarks on labour and profiteering are not altogether guileless. In the *Times* we read: "Lord Phillimore said there was one class of profiteering which more than any other contributed to the present position; that was the profiteering of labour. This form of profiteering ought not to be encouraged by the Government. Let moral suasion be applied to those who were profiteering in that manner; let it be pointed out that they were the people who were really raising prices. . . ." But the *Daily Herald* prints another, and a very different, version of "Lord Phillimore's Dictum": "As a matter of fact, there is more profiteering in labour than in any other commodity, and it is almost alone at the bottom of our present troubles." What did Lord Phillimore really say—profiteering *in* labour or *of* labour. Prepositions are small things, but in some cases their significance is out of all proportion to their size.

No. XXVI

OCTOBER

MCMXIX

"Man is a creature who lives not upon bread
alone, but principally by catchwords."

—*R. L. Stevenson.*

INDUSTRIAL PEACE

CONTENTS

The Great Class Illusion

Practical Economics

Co-operative Employees

Economic Policy

The Psychological Factor

The Triple Alliance

Women and the Railway Strike

Views of the Minority Press

Food for Thought



INDUSTRIAL PEACE

THE GREAT CLASS ILLUSION.

THAT popular fallacy which has been dubbed "the great class illusion" has gained so great an ascendancy over the mind of a public accustomed to accept catch-phrases at their denominational value, that scarcely anybody stops to inquire what precisely is meant by the word "class," and people are at infinite pains to abuse or excuse, according to their particular bias, a thing the very nature of which is of so speculative a character that no one can describe it or even prove that it has any real existence at all.

When we hear of Mr. J. H. Thomas protesting that he will never "desert his class," and read Mr. G. H. D. Cole's complaint that nearly every newspaper is full "of proclamations of class war," we receive a mental impression, which is vivid enough in so far as it relates to the obvious existence of a state of conflict between the Government and the railwaymen, but which fades away into baffling indefiniteness directly we come to analyse such statements in their more comprehensive application. The all too common presumption that there is a natural line of cleavage along which the nation can be divided into two hostile camps, each representing contrary interests, is not only responsible for a vast amount of unnecessary mischief, but is a bogey whose make-up is revealed as soon as its components are examined in any detail.

Yet the whole fabric of the Marxian doctrine, as interpreted by Industrial Unionists, Syndicalists, and other brands of socialist revolutionaries, is based on the theory that modern society is so constituted that the mass can, and will, resolve itself automatically into two parts and range itself on the two sides of a common quarrel, much as "whites and stripes" are picked for a football match.

The truth is that phrases such as "the abiding antagonism between classes," "the inevitableness of the class struggle," and the like, coined as they are for propagandist purposes, are only superficially related to the facts of history, grossly inaccurate as regards the present life of the community, and fundamentally subversive of every sane hope of future progress.

If we examine the structure of the British nation we shall find that it consists, not of two opposed classes, but of a large number of mutually dependent and inextricably interwoven sections, some large and others small, some powerful and others

weak, some lethargic and others energetic, which group themselves in endless combinations and permutations in quite unaccountable fashion. Incidentally it may be remarked that these sections, despite not a little friction and much misrepresentation, do contrive, in the aggregate, to reach progressively higher standards of health, wealth, freedom and conduct.

Apart from the natural categories of race, colour and sex, mankind cannot be substantially or permanently marshalled into definite classes. Just as it is impossible to fix any but an arbitrary dividing line between good and bad, or young and old, so it is beyond the wit of man to differentiate between rich and poor without ignoring more units than are taken into account, for the simple reason that for every person who is rich and for every person who is poor there are several who are neither the one nor the other. Given sufficient millions of units subject to variation and it will be found, as Macaulay has said, that "an infinite number of varieties lie between limits which are not very far asunder." You may theorise about the possessing class and the proletariat till doomsday, but when you come to the practical test of selecting your opposing teams on any consistent principle that you choose to adopt, the exceptions will confound the rule before you are halfway through your task. Alphas and Omegas are located readily, but Lamdas and Omikrons may present insuperable difficulties concerning which no two tellers can reach an agreement. It is easy enough to stipulate that the possessor of £500 a year, for example, shall be accounted rich and the earner of a lesser amount poor, and to tell them off into their appropriate classes, but after you have calculated all allowances for age, sex and station, the individual operated upon may decline to accept your ruling, and enrol himself on the side of the class to which he prefers to belong.

What, then, does Mr. Thomas really mean when he says he will never "desert his class"? Obviously his statement cannot be taken in the literal sense, because as a Privy Councillor and a member of the House of Commons he must be reckoned as one of the ruling class, because his combined parliamentary and professional salaries conspire to make him one of the rich class, whilst his mental and literary attainments entitle him to be included among those of the educated class. If, however, he declines to associate with his peers and chooses to identify himself with the class in which he was born, that is his affair, and he deserves all the credit which attaches to his renunciation, if any, of the social loaves and fishes. As we have said, Mr. Thomas can please himself, but if birth is to be taken as the

one criterion of class, new complications arise. In what category are we to place his lordship whose father was a crossing-sweeper, and what of a Plantagenet who happens to be also a proletarian? In any case these personal predilections and these contradictory exceptions cannot be otherwise than embarrassing to the official conveners of class-conscious gladiators when the people come to be numbered into their several classes. It may be found, after all is said and done, that the actual result has little in common with the much-advertised forecast.

Mr. Cole is another case in point. Here we have a pronounced advocate of the class-war, a Fellow of an Oxford College, enjoying emoluments, drawn presumably from what he would call a capitalistic source, complaining that all the newspapers are full of "class" proclamations. To what does he take exception? He approves of class-consciousness and has preached it in the columns of *The Herald*, but apparently he objects to other people following his example. Of course, he means something, probably something clever, but, knowing no better, we can only suppose that his grievance is that the sort of class-war he desires is one in which all the knocks are to be given by his own side and taken by the other. This was Germany's playful little programme but, as Mr. Cole will remember, it didn't quite materialise on the lines projected.

But there is one sense in which an artificially contrived class-war is likely to become a reality and a grim one. The stimulation of greed and credulity as now practised intensively upon the least discriminating section of the community cannot fail, if long continued, to produce a ferment of insensate ill-will which, gradually spreading amongst those who are most susceptible to this particular kind of suggestion, will contaminate the whole body politic. The process has already begun and the first-fruits are manifest for all beholders. Ebullition is wont to bring dregs to the surface, and the ethical outlook of the typical revolutionary enthusiast is exhibited in all its naked crudity by the extracts from *The Socialist*, which we quote on another page. The barbarous spirit of the revolution with which we are threatened in some quarters is sufficiently condemned by the sort of advocacy indulged in by some of its most ardent supporters. Herein is our safeguard, and we may console ourselves with the reflection that no problematical advantage to be gained by revolution would ever reconcile a self-respecting nation to submit to the indignity of being led astray by a type of man whose only qualification for leadership is his proficiency in the dissemination of poison gas.

PRACTICAL ECONOMICS—VI.

CAPITAL.

Great efforts have been made of late to remove the hatred which exists in the popular mind against capital. . . . It has been exhibited to the masses as a voracious and insatiable monster, more destructive than cholera, more frightful than revolution, exercising on the body politic the action of a vampire, whose power of suction goes on increasing indefinitely.—F. BASTIAT.

FRÉDÉRIC BASTIAT flourished nearly a century ago, but any student of to-day familiar with current social and economic literature might express himself in almost the same words. It will be our object here to examine the nature and function of capital, its uses and abuses, with a view to indicating the nature of its advantages in any known economic system, and the extent of its responsibility for existing social and industrial evils. So long as poverty and unemployment persist on a scale of appreciable magnitude, the sincere reformer is a valuable and welcome member of society. But the agitator who tries to rid us of poverty and sweated labour by destroying capital, is like the chauffeur who, wearied with the persistent troubles of an engine that he did not understand, decided to dispense with the engine altogether and see how the car would run without it.

What is Capital ?

In the first place Capital is an instrument of labour. It is a particular form of effort made by man to secure the satisfaction of his wants. It is the product of labour *saved* and used to aid future production. The only respect in which capital differs from any other form of wealth is that instead of being consumed by the owner it is used by him or by some other producer to aid him in his productive work. We have already seen that in a society where the principle of division of labour is accepted, some store of wealth must be kept in reserve. Men must have food and raiment, and the use of houses and machinery while they are engaged in new industrial enterprise for which a market must be found, perhaps a year or more after the initial effort has been made. We can only obtain capital by consuming, individually or as a State, less than we produce. It may seem absurd and unnecessary to dwell even for a moment on so self-evident a proposition, but

prominent writers and leaders of a certain school are so prone to tempt their followers into the anti-capitalist campaign by specious arguments implying that Labour can not only dispense with the owner of capital, but can actually spend and enjoy the capital at present used in carrying on production—used, that is to say, by labour as its instrument in procuring such livelihood as is at present possible. Capital is an essential agent of production, differing from other forms of wealth in that it is saved and not consumed.

Conditions Requisite for the Accumulation of Capital.

“A modern society, if it is in a healthy economic condition, lives well within its income; consequently it starts each new year with a bigger supply of tools, machines, materials and wealth ready for consumption than it did the previous year. But there is nothing inevitable or automatic about this accumulation of wealth. Many individuals and most Governments live beyond their income . . .; and society only keeps up and adds to its supply of capital because the individual members of it on the whole spend less than they get.”*

It is unwise to rule out the possibility of States acquiring enough foresight and prudence to live within their incomes and to become eventually the best custodians of a public fund for use as capital. But, as things are, the experiment would be too perilous. The Government of a country will never be far in advance of its average citizens, and until we have progressed a long way in knowledge and self-restraint we must endeavour to improve the capitalist machinery as we know it rather than trust ourselves to a machine of a new and untried type.

Capital, we have seen, is essential to industry. The next step we must be quite certain about is how to ensure a constant and sufficient supply. Not only does capital not grow of itself, but it is an extraordinarily sensitive and delicate growth, very apt to shrivel up and disappear when improperly handled. The main conditions essential to its accumulation are: (1) A surplus of wealth after essential requirements have been satisfied. (2) Security—that is to say, a Government capable of maintaining law and order, and a definite trade policy that will give reasonable assurance of success to ordinarily prudent and well-informed enterprise in industry. (3) Opportunity of using capital remuneratively—*i.e.*, a reasonable rate of interest in return for saving and lending.

* Henry Clay. *Economics for the General Reader.*

Interest : its Definition and its Justification.

The value of any service is determined mainly by the interaction of demand and supply, and service is forthcoming only in return for a service of corresponding value. Obviously, the man who lends capital performs a service for which the man who borrows it will be willing to pay. If A lends B a hundred pounds for one year he will not only abstain from the enjoyment of spending it, but he will also forego the income he might have derived from trading with it. If B buys machinery and raw material with the hundred pounds, and by his work with these is enabled to gain an income of twenty pounds more than he could have made without A's capital, it is clear that A has rendered B a service, the value of which he has himself foregone, and B will be willing to pay to A some part of the twenty pounds gained through his agency. The payment made for the service rendered by the provider of capital is called interest.

The question of interest is one on which, again, the Socialist reformer is apt to mislead his followers. Under cover of an ideal doctrine of universal brotherhood, when each shall work for all and all for each, interest on capital—variously stated as the carrying on of industry for profit—is denounced as usury and theft. The fact that the provision of capital for industry is a service which ought in equity to be paid for, and which will not be forthcoming unless it is paid for, is slurred over. Emphasis is placed upon the fact that, under the present system, capital, for the greater part, happens to be concentrated in the hands of a few. The fact that it would still have to be paid for even if its actual possession were distributed more evenly, is ignored. The anti-capitalist might, of course, legitimately attack the potential evil inherent in the accumulation of vast wealth in the hands of the few because it tends to concentrate political power and to put the guidance of public opinion, and, therefore, the course of national policy, too much in the hands of a section of the community which cannot adequately represent the interests of the community as a whole. But to win support for such a cause, however good it may appear to its advocates, by deliberately misinforming the public as to the true nature of interest and the possible effects of a re-distribution of wealth in order to appeal to a cupidity which can ultimately receive no satisfaction is a perilous path which must lead to disaster.

Who is the Capitalist ?

Originally he was the man who was first willing to wait and save. All but the poorest can become capitalists, and it should

be the reformer's aim to demonstrate the value of capital, to cultivate the desire to save, to encourage the diffusion of reliable information as to the proper and safe investment of small savings, and to create a widespread appreciation of the essential service capital and the owners of capital render to labour. But in the anti-capitalist controversy the capitalist is always the man of great wealth, living on the efforts of others whom he forcibly robs, controlling home and foreign policy by virtue only of the power his wealth confers, holding the workers in poverty and subjection at home and embroiling them in devastating wars abroad, all in order that he may increase and keep his ill-gotten gain. Of course, it is true that wealth and power go together in most modern States. But it is not true that the wealth is burgled from the workers. There are exceptions, but in the main men acquire wealth because they had the power to confer benefits upon their country. Their share is but a fraction of the wealth made accessible to the workers by their efforts. The advisability of drastically modifying the laws of heredity in such a manner that great wealth (and, therefore, great power) should not be concentrated in hands that have not shown the ability to create that power for themselves is a question which calls for the most searching consideration, but it has nothing to do with the principle of capitalism in industry. Beneficial laws may be devised to control the methods by which capital is raised ; its abuses may profitably be attacked with ardour, but to attempt to discredit the principle itself because it is subject to abuse is akin to destroying an orchard because some of the trees are suffering from blight.



CO-OPERATIVE EMPLOYEES.

THE recent dispute between certain co-operative societies and their employees is instructive. The majority of the members of the co-operative societies are wage-earners, and members of trade unions. In Lancashire and Yorkshire, where this dispute became serious, the societies are mainly composed of workers in the mining, engineering and textile industries. But, as co-operators, these workers and trade unionists are also employers; and for some time they have experienced much trouble with their employees, who, like everybody else, have been demanding higher wages and shorter hours.

It seems paradoxical that a trade union should be required to protect the interests of co-operative employees. One would naturally expect a movement in which capitalistic profits are eliminated, and which is run by trade unionists on a socialistic basis, would provide such ideal conditions of employment that a union would be superfluous. But the employees of these great societies in the north have apparently not found the conditions to their liking, and have therefore combined for offensive and defensive purposes in the Amalgamated Union of Co-operative Employees (A.U.C.E.).

There has long been friction between the A.U.C.E. and the co-operative societies, and the union is obviously unpopular with the leaders of the co-operative movement. In the recent dispute the negotiations for the societies in the North-Western section were conducted by the Lancashire and Yorkshire Federation of Hours and Wages Board. This Board stated that "the majority of co-operators and trade unionists who have gained knowledge and experience of co-operative business" express the opinion that the demand of the A.U.C.E. is, "in the main, inconsiderate and exorbitant; inconsiderate, because it has been passed without knowledge and without care as to what co-operative businesses will bear in the matter of high wages, and exorbitant, because it has been passed with no intention of endeavouring to bring outside trade, with which the co-operative movement is every day feeling competition keener and more menacing, to pay a similar standard."

The Board refused to grant the full demands of the union and the executive of the A.U.C.E. declared a strike in South Lancashire and in the Airedale district of Yorkshire. The Board retaliated with a threat to dismiss all those workers who were members of the A.U.C.E. The Manchester and Salford

Trades and Labour Council finally intervened, and a settlement of the dispute was arrived at. Three weeks later the Federation repudiated an essential clause in the agreement and again precipitated a crisis by virtually declaring a lock-out. The clause in question is interesting because the recent railway crisis arose from a similar state of affairs. The settlement arrived at in August provided "that where higher rates of wages or better conditions of labour prevail at the date of this settlement . . . (they) shall in no way be prejudicially affected by the terms." The clause seems to have been perfectly clear, but the Federation proceeded to reduce wages in accordance with the general terms agreed upon in August.

The main objection to the A.U.C.E. is that it is an industrial union. Its aim is to include all co-operative workers, irrespective of craft distinctions. The craft unions strongly object to this policy, and the co-operative societies have undertaken to recognise the craft unions and to pay the standard rates agreed by them. The Co-operative Union has pledged its word to the Trade Union Congress that it will only employ men who are members of the trade union which has been formed for their particular craft. To recognise the A.U.C.E. would be a violation of this agreement. The claim of the A.U.C.E. to represent all co-operative workers has already been threshed out at successive sessions of the Trade Union Congress. The union, however, persistently refused to give way and was eventually (and still is) excluded from the T.U.C.

The present dispute about hours and wages is thus only one manifestation of a continuous state of hostility between the federated co-operative employers and their workpeople. Even the most satisfactory settlement of the hours and wages question will not reconcile the conflicting parties. As the *Co-operative News* (August 23rd) puts it: "The question of craft unionism, which is apparently the main stumbling-block, would still remain, and its removal is by no means easy. To put the matter briefly, the societies have no objection to their employees being trade unionists; in fact, if anything, they would prefer them to be in trade unions rather than out of them; but what they do say is that the employees should join the union which specially caters for their particular craft or industry. This would naturally limit the propaganda field of the A.U.C.E., which body realises that the more members they represent the greater power they will have when it comes to bargaining with employers, whether inside or outside the co-operative movement. Is it possible for the societies in the North-Western Section to give way on this point? We do not see how it is,

in view of the relationships which exist between the Co-operative Union and the Trade Union Congress, which relationships, we take it, imply that the employees of the co-operative societies should belong to the trade union which has been specially formed for their benefit."

This state of war within the co-operative movement is an interesting object lesson. It provides a practical demonstration of what can actually happen under a socialistic form of organised production. The conclusion that any disinterested onlooker will draw is that the substitution of a co-operative system for private enterprise, and the elimination of the principle of carrying on industry for profit, will neither end labour disputes, nor result necessarily in any agreement as to what constitutes a satisfactory division of labour and its product. The antagonism of interest between employer (or organiser) and worker, the fetish of the class war and the *raison d'être* of the Revolution, so eloquently preached by the socialist propagandist, will apparently remain.

The industrial revolutionist will argue that the cause of all the trouble arises from the fact that the majority of workers are still carrying on industry under the capitalist system, and their interests conflict with those of the smaller body working co-operatively. But this does not affect the fact that in the co-operative movement we have a system that is practically socialistic; yet the old antagonism still asserts itself, and trade unionists, in the capacity of employers, have to threaten their employees with the so-called capitalist weapon of the lock-out. The experiment is complete in itself. The result of its working as a whole may be adversely affected because it is subject to the general conditions pertaining in industry, but there is here no reason for antagonism within the movement. A body of men associate themselves for the purpose of producing on lines laid down and approved by themselves. They know that the results to be gained must be conditioned by the circumstances of the outside world. The international organisation of their relationship remains unaffected.

The "advanced" Socialists try to persuade the world that all labour disputes arise from the capitalist method of production. The example of the co-operative movement proves that this is not always true. Will the extremists of the labour movement examine their stock-in-trade by the light of this experiment, and honestly repair, adapt or discard, as the circumstances warrant?



ECONOMIC POLICY.

PROGRESS has been described as a process of differentiation and integration of function. As an organisation grows in size and becomes more complex in structure the co-ordinating or controlling functions become more responsible and difficult. The danger of error at the centre increases and the consequences of error grow more serious. Effective integration and direction are conditioned by adequate knowledge of the differentiated activities and their inter-relations. Such an organisation is economic society as we know it to-day. The process of differentiation, which has been so rapid and continuous during the last century, is obvious to all. What is not so clearly recognised is the relationship between the different forms of economic activity. The most youthful and inexperienced economist will be careful to point out that agriculture and mining, manufacture, transport and distribution, commerce and finance are all departments—and necessary departments—of production in the complete sense of the term. But not even Universities are wholly free from the error of splitting the science of economics into sections such that the uninitiated readers of their syllabuses are led to believe them to be more or less independent parts which may be studied in isolation. The W.E.A. movement, so full of promise, is exposed to the same danger; a long course of instruction on social movements may contain little or no reference to fundamental questions relating to commercial and financial function. Some of the best books on currency and banking ignore their social significance and regard them solely as mechanical arrangements.

The tendency towards sectionalism in the theoretical treatment of economic problems, with the resultant scarcity of economists who stress the inter-dependence of economic activities and the unity of the science of which these activities form the content, is reflected in the present attitude of the Government, and its lack not merely of any grasp of theory, but also of the recognition of the need for theory. It is to the theorist, however (that is, the scientist who is able to view the economic situation as a whole, without being overwhelmed by any one aspect of it), that we must look for guidance in shaping the economic policy of the future. Before the end of the war there had been evolved an economic strategy which, subordinate to military strategy, was by no means unworthy of the latter, and was based upon the same foundation, "unity of command." The War Cabinet was also so far inspired as to recognise that there was such a thing as economic strategy

for peace as well as for war. The Ministry of Reconstruction was created to evolve, not so much individual measures of reconstruction as a general plan of reorganisation. Moreover, a "General Economic Department" was set up within the Board of Trade, under the control of one of the most distinguished professors of economics. But the latter could not be expected to achieve success in the wider field of reconstruction. Its activities would be determined by the functions already performed by the Board of Trade, to which it belonged. It would not, for example, be concerned with the general functions of the Treasury or the Ministry of Labour. It was attached to regimental headquarters, not the headquarters of the national army. It was thus concerned with tactics rather than strategy.

The Ministry of Reconstruction was a failure. And failure was inevitable. Its task was to construct a general or comprehensive scheme of reorganisation. It was, by implication, a super-department which should have been able to command the resources of all other departments in so far as these were essential to the performance of its task. It should have received the reconstruction proposals of the other departments, and examined them in relation to each other and in the light of its own general scheme. It should have investigated their implications and corollaries, and sought ultimate consistency. In short, its function was the deliberative function of the Cabinet of old. None of the other departments could be expected to acknowledge its own inferior status if this could be avoided. Nor, in face of this, could the new department employ powers which were implied rather than made explicit. Consequently it became merely a department for doing odd jobs. Committees were appointed to investigate specific problems, and their reports, together with reports of other committees, were rewritten in popular language and issued as pamphlets. A small administrative section was established for the purpose of setting up Interim Industrial Reconstruction Councils in badly-organised industries. There was apparently no intelligence department (the most difficult of any to build) in a ministry which was presumably to be a Ministry of Intelligence. If it had any vision it appeared to have no power even to describe what it saw.

The true economic function of a Ministry of Reconstruction could only be performed by a cabinet. If there was to be any real delegation of this corporate function it should have been accompanied by delegation of the necessary powers for its performance. It has already been stated that economic problems cannot be placed in separate watertight compartments, or

referred for treatment to different departments between which there may be liaison officers to correlate details of administration, but none (apart from the Cabinet itself) to correlate policies. Economic activities react upon each other at every turn. And if they are to be regulated at all they must be regulated with one "strategic" aim in view. If left to separate departments the regulations are apt to be inconsistent—they may even be mutually destructive. An important illustration of the need for a comprehensive and self-consistent economic policy is provided by the strikes of the railwaymen and the moulders. In the former there are two issues involved, first the adjustment of relative wages paid in different occupations, or in the same occupation by different companies. Apart from the fate of war bonuses in general it is contended that the *relative* rates in certain grades should be revised. The second issue is the future of war bonuses in general. This is closely related to the issue at stake in the claim of moulders for a further advance in rates. Moulders do not contend that their wages are low relatively to those of other craftsmen, and they would probably welcome a similar demand for advances by the latter.

The future of war bonuses is mainly a question of currency. The advances granted during the war to meet increases in the cost of living were but modes of inflating the currency. Moreover they intensified the evil which they were designed to meet. They did nothing to remove the shortage of goods upon which the general standard of living depends. To call £1 in gold £2 in paper does not add to the supply of wheat, coal and other necessities. There was no gain to "labour" at the expense of "capital." If it be granted that when normal production is restored some real improvement may be enjoyed by labour through advances in money wages, it is obvious that such improvement is not necessarily measured by the latter. For the rest, the future of war bonuses is clearly a currency question. If it were not, Russian and German statesmen would find no cause for alarm in the present state of the currencies of their respective countries. Some time ago the Currency Committee reported in favour of a return to the gold standard. The recommendation may or may not have been wise and practicable. With its merits we are not concerned. But its adoption involves an enormous contraction in the present volume of currency, which, in turn, involves a reduction in war bonuses. Consequently the attitude of the Government towards the claim of the railwaymen (in respect of the second issue) necessarily defines its attitude towards the recommendations

of the Currency Committee. The offer of a 40s. minimum suggests that the Government will not aim at reducing the currency to its pre-war dimensions. Given corresponding minima in other industries pre-war prices will not be restored.

Further, it is clear that the Government is not omnipotent in the matter. Currency is an international affair, and the attitude of one State will be largely determined by the attitude of other States. In the improbable event of one State taking measures to perpetuate war bonuses while other States aimed at a considerable contraction of currency the external trade of the former would be violently disturbed, and would remain so until the workpeople accepted such a reduction as would bring their wages to a "competitive level." Without such a reduction exports would vanish, and imports, being unpaid for, ultimately cease. Under certain conditions which need not be closely discussed, two sets of prices would emerge, gold prices and (higher) paper prices. Workpeople might conceivably retain high wages paid in paper money but these would represent far lower wages measured in gold.

In the sphere of taxation considerations also arise which make it important to examine the economic problem as a whole. The case against a levy on capital is profoundly affected by the future of currency. An expanded currency means high incomes and large revenues from taxation, and would thus weaken the case for such a levy. But a currency reduced approximately to pre-war dimensions would also reduce the national money income, and the revenue from taxation, to such an extent as to make a capital levy not only desirable, but probably inevitable. Again, our ministers have repeatedly admitted the need for raising the standard of living of the general body of workers. If the wages policy they advocate is based upon the assumption that the retention of war bonuses will not signify any real gain, nor their reduction any real loss, they will probably be forced to the conclusion that the most important method of advance in the *relative* position of wage-earners is the provision of State-subsidised services such as education, insurance, etc. Another view of the true function of taxation will be coloured by the fact. From being a necessary evil, taxation will become a desirable and valuable instrument for removing existing inequalities of income. These examples are submitted merely as illustrating the need for consistency. Consistency can only be achieved by a comprehensive survey of the economic situation and an examination of the assumptions and remote consequences of specific measures designed to meet specific needs.

THE PSYCHOLOGICAL FACTOR.

AN apple fell from a tree, and Isaac Newton revolutionised scientific thought by his exposition of the law of gravity. Since time immemorial apples had fallen in their millions without exciting comment. But the moment came when the falling apple suggested to a mind already prepared for its reception a fundamental truth which, without that particular stimulus, might possibly have remained undiscovered for many years. History is full of such instances, and time after time we see epoch-making changes called forth by some trivial occurrence happening when men's minds were in an abnormally receptive state.

Easy-going men in all walks of life are fond of repeating the formula that our present ills have had their counterpart in former times. The clouds, they say, have threatened even more ominously than they do to-day, the conditions have been much worse, but the storm has blown over and the weather has set fair again. They forget, or deliberately choose to ignore, that here and there at various times throughout Europe the storm has broken, and it has been found not in human power to stem the floods. Nor are the Great Powers exempt from cataclysm. France had her revolution, and the agony of Russia is not yet complete.

It is argued that the social situation as it affects Labour in particular is not nearly so grievous as it was in the early nineteenth century. England suffered then, as now, from the same economic stagnation that follows inevitably upon a European war, and the social and industrial conditions under which the labouring classes lived constituted undoubted hardship and injustice. We weathered that crisis without serious mishap—indeed, we learned much and progressed extraordinarily well. With a little patience and good-humour, a little give and take, and, above all, no hysteria or “nerves,” we shall find ourselves on top again.

But such a summing-up ignores the greatest force of all in the determination of the destinies of men and of nations. We cannot afford to omit the ever-growing momentum of the psychological factor from any calculation of the forces that are against us. For five years men have faced privation, death, bereavement, sickness, mutilation, suffering, and sacrifice, faced it, in the majority of cases, with stoical courage and steadfast determination to pay the price whatever it might be. Whether upheld by faith in the cause that they were fighting for, or driven on by the naked instinct of self-preservation, the

effort was finally sustained by an abnormal state of expectancy, a vague hope, boundless, undefined, pregnant with possibilities hitherto undreamed of. Such hopes were never visualised, never really recognised as there. Nevertheless, subconsciously, through all the years of sacrifice and ordeal this expectation of a better world and a fuller life than any of us had ever experienced before grew and sustained our efforts through the darkest hours. At last the danger is removed. Individual death, national annihilation no longer menace us. The tension is relaxed, men turn eagerly and expectantly to enjoy the life of peace to which long separation, repression, privation, and danger have lent so wonderful a hue.

One need not be very imaginative to picture the average mental state of the nation to-day. The majority are not normal. They have been promised so much, and they have promised themselves so much. They have suffered the weary monotony and hardship of weeks and months of trench life, passively endured the constant threat of danger, and faced death boldly, waiting always for the day when they should return to enjoy the fruits of their valour. They are back, and the inevitable has happened: disillusionment and bitter disappointment. The country is not even as good as when they left it; for many there are neither homes nor work, high prices and a general shortage of supplies, hesitation, uncertainty and trade stagnation reign everywhere.

It is of little use to reiterate that the economic state of the world and of the country is not normal. Neither are men's minds; and men, ordinarily sane and reasonable, will adopt violent and lawless methods to achieve their ends for reasons that would hardly have satisfied the avowed rebel of former days.

Those who would bank on the old policy of drift that has carried us to port so often in the past must remember that the normal Englishman is apt to be apathetic and to bear pretty well anything that does not reveal itself as too marked an interference with individual freedom. But apathy has given place to an acute expectancy. Men and women are nervous, overstrung, and hypercritical. A strong lead, definite action, with its promise of result, precise if meagre, may calm their irritation and unite their efforts. Hesitation and inaction are to-day more dangerous than the worst abuses of the eighteenth century. We are facing critical times, not only because poverty and bankruptcy threaten, and not because injustice or abuse of power is particularly rampant, but because the temper of the nation is abnormal.

THE TRIPLE ALLIANCE.

DURING the last few months we have heard a great deal about the Triple Industrial Alliance, and we have often been reminded by the extremists that this Alliance wields extraordinary industrial power. A strike in the vital industries of mining, railway and transport means the paralysis of practically the whole of the industrial and commercial activities of the country. Of this the leaders of the Triple Alliance have always been fully conscious, and some of them have not hesitated to take full advantage of the strategic position that they enjoy.

The events in the Labour world during the last seven or eight years mark an important change in the structure and function of Trade Unionism. In this period we find that the trade or craft unions, except in highly skilled and technical trades, play an ever diminishing part in modern Labour movements. The unskilled or general unions, embracing all the workers in an industry, regardless of craft distinctions, have become predominant in the conferences of organised Labour, owing mainly to their recently realised numerical strength. Labour policy to-day is determined, not by the select unions of craftsmen that characterised nineteenth century trade unionism, but by those organisations of Labour that approach the nearest to industrial unions.

To understand the origin and purpose of the Triple Industrial Alliance we must recall the big strikes of 1910-13, which chiefly affected the mining, railway and transport workers. During this period of labour unrest Mr. Tom Mann was conducting Syndicalist propaganda among the workers in these vital concerns; and the virtues of solidarity and the sympathetic strike were preached and extolled. One result of this was the railway and transport strike of August, 1911, when, for a few days, Mr. Mann was practically the dictator of Liverpool. In 1912 there was a prolonged strike of miners, which ended in much mutual loss and but little sectional gain.

Now, while these interrelated industries were more or less paralysed by this epidemic of applied Syndicalism, there was no organisation to co-ordinate the strike movement. The miners, railwaymen and transport workers acted separately, except for temporary joint committees in certain districts, as, for instance, at Liverpool in 1911, where more than one section happened to be out at once, or where sympathetic strikes had been organised.

Although these strikes were not very successful from the workers' point of view, there were lessons to be learnt from them. They demonstrated the interdependence of mines, railways and transport, and enlightened the strike leaders—especially the Syndicalist section—as to what might be accomplished by a simultaneous downing of tools in these three trades. It was also seen that a prolonged strike in any one of these industries injured the workers in the other two; and, further, that isolated action usually meant defeat. Success in a strike often depends on quick action. A prolonged strike frequently ends in the defeat of the strikers. But if the workers in these allied occupations could act together, giving mutual support, then the result might be different; for united and simultaneous action would quickly paralyse all the public services, and this would be so inconvenient and disastrous to the nation that the Government, under public pressure, would be compelled to concede the demands of the section on whose behalf the general strike had been called. It was believed that such a combination would be almost irresistible.

The initiative for such a combination of the forces of Labour came from the Miners' Federation of Great Britain, then, as now, the most active and powerful of the industrial unions. The M.F.G.B. is founded on the principle of industrial unionism, and does not accept as members the craftsmen employed at the collieries. It supports the "advanced movements of the federated unions when any question of trade union principle is involved." It provides the driving force in the Triple Alliance. "For these reasons the way is open for progressive or advanced sections to bring forward proposals for the approval of the M.F.G.B., and then of the Triple Alliance, with a considerable chance of getting them applied on a national scale by means of joint national action. Hence there is *a very important connection* between the policy of the M.F.G.B. (and equally so that of its partner unions) *and the probable policy of the Triple Alliance.*" *

The Triple Alliance is the result of a resolution carried at the Miners' Conference of 1913, which proposed "that the executive committee of the M.F.G.B. be requested to approach the executive committees of other big trade unions with a view to co-operative action and support of each other's demands." Thereupon the executive committee entered into negotiations with the trade unions whose conditions most resembled those of the M.F.G.B.—viz., the N.U.R. and the N.T.W.F.—in the

belief that if a working arrangement could be concluded with a few of the larger sections, extensions to other groups would follow in due course." The first meeting of the three executives took place in April, 1914, and a joint committee was appointed to draw up a constitution for the Alliance. This draft was formally adopted at a joint conference held in December, 1915. We need not quote its terms, as we have previously dealt with the constitution of the Triple Alliance in INDUSTRIAL PEACE of March, 1919. In this article we are concerned with the motives and purposes underlying it.

We have referred to the coal strike of 1912. We are told by Mr. Carter that the strike of 1912 was "less rapidly paralysing than had been expected," and the Alliance was proposed by the miners to remedy this defect in their strike policy. But there was more than this in the proposal. The combination was engineered with the declared intention of using the strike weapon for *political* ends, and the real aims of the Triple Alliance may be estimated in the light of the following quotations taken from the pamphlet above mentioned.

"But as the President of the Triple Alliance (Mr. Smillie) observes, joint action could threaten such a stoppage of national production as would force an immediate settlement. The lack of organisation for political action weakens the unions in local and national politics; but for this the miners would have forced the Government to name the definite minima in the Minimum Wage Act, and the railwaymen would not have had to accept unsatisfactory terms after State intervention to end their 1911 strikes. The rank and file have been convinced that greater control of the machinery of Government is desirable, not merely to secure legislation improving their conditions of work and life, but also to give their combined unions a greater share in the decision of national and international affairs, like that held by Parliamentary representatives of other vested interests in industry."

The industrial and political power of the Triple Alliance depends upon the vital nature of the industries concerned. The workers in these industries "are *largely concentrated and coincident in location*, chiefly in the ports, coalfields and industrial areas, the pivots of the industries concerned, *and of the nation*." Combined action affects the whole nation, and a strike under such conditions is an attack upon the whole community. The unions involved are of the "industrial" type, and are "organised on a national scale, so as to include *all grades* of employees within the industries" covered by the Alliance. All three unions are strongly opposed to craft unionism "which organises

only the skilled workers and maintains sectionalism and inefficiency thereby." "The Triple Alliance strongly turns the balance in favour of *industrial* as against *craft* unionism, and may well precipitate the victory of the former." This is true, and any student of Trade Unionism must recognise that the craft unions of to-day are gradually ceasing to influence the Labour movement. The following analysis of the national policy of the Triple Alliance is worth quoting in full, as it indicates the true meaning of the present demands and activities of Mr. Smillie and his colleagues. Mr. Carter writes :—

"As regards the State and national affairs, the Triple Alliance is of vital significance. Its *political power* is likely to be considerable when fully organised and applied. Its *economic power* is sufficient to call a general strike that would paralyse most national activities within a few days, unless the leaders' terms were conceded. If the proposals of the M.F.G.B. for the nationalisation of all mines, mining royalties, and means of transport are enforced, the unions in the Triple Alliance will demand a direct share in the national control of these activities on Syndicalist lines. The Syndicalist members of the M.F.G.B. therefore regard the Alliance as a direct means towards applying their policy. If the State and the Triple Alliance come to grips, as is inevitable should the paralysing strike be declared, and force State intervention to save the nation from economic stagnation, the politico-economic problem involved admits of only one method of solution. The State cannot control the policy of the unions in the Alliance because, on grounds of class bias and vested interests, they suspect the Governmental authorities; the State cannot suppress the activities of the Alliance, because that policy failed with the Combination Acts in 1825, and in South Wales in 1915. The State would thus be forced to take the trade unions of the Triple Alliance into partnership as the official agencies to whom must be delegated considerable control over their respective industries. It is in these politico-economic respects that the activities of the Alliance have most significance; for the progressive forces behind the 1913 resolution of the M.F.G.B. that led to the Alliance, and also the rank and file of the constituent unions, intend that the Alliance shall be used as a means to an end—greater control for Labour over the industrial and political affairs of the nation."



WOMEN AND THE RAILWAY STRIKE.

IF the truth were confessed most candidates at last General Election would be found to have been greatly embarrassed by the multitude of women who then voted for the first time. How to reach them at all was a grave problem. Most election meetings are held in the evening, when the women of the working classes—and they are the great majority—can least easily attend. Many who might have attended were too shy to come. The general apathy that ruled among women in November and December last was not unnatural, for they knew very little about politics and elections. Political interest and political convictions cannot be acquired in a day. Of the questions that were being discussed a year ago the setting up of a League of Nations probably interested the women voters more than any other. The lives of women, bound up as they must be with the lives and the fortunes of their male relatives, suffer grievously and irremediably from wars. It is fair to say in general that the various forms of strife, social and political, impose a peculiar measure of hardship and loss on women. One of the chief clues to the political action of women will be their desire to secure and preserve the profoundest of the interests of their sex—peace.

Their sure instinct for this fundamental condition of their happiness has scarcely made itself articulate, as yet, in our politics. In the mass of women their instinctive rôle of peace-makers is still vaguely unconscious. From the dim beginnings of the immemorial past they have suffered and perished by the quarrels and the warfare to which their men are prone. They have learned an instinctive patience and stoicism, even towards the most disastrous forms of strife. Thus to many Englishmen the attitude of the women of France towards the war was almost incomprehensible. A cool, sophisticated courage, an historical sense of war, a fatalistic prescience of its consequences, a controlled despair, were scarcely what they expected to see. But that was the spirit in which the women of France faced their Great Disaster. They braced themselves to endure.

It would be contrary to nature if women remained for long inarticulate and indecisive on the great issues of peace. Among certain classes of women, engaged mainly in industry and the professions, there is already a strong ferment. It would not be very safe to build much on the views or the leadership of the

advanced feminist movement. The indications at last election were that the mass of women are not greatly moved by the appeals or the methods of the more emancipated types. The womanly and matronly types were then the most welcome and effective, more welcome, naturally, in proportion to their education and talent and knowledge, but welcome primarily for their moral qualities. The defeminised woman may succeed here and there with the male voters, but not with her own sex. Nevertheless, the awakening of women's political interest owes and will owe much to the extremest champions of the women's movement. But when the awakening comes in its full force and with clearness of mind it will speak another language than theirs.

If it were speaking now—and it is beginning to speak—it would say one thing with steady emphasis: "*Let us make an end of strikes.*" No class in the community suffers more by a strike, or more immediately, than the strikers' own womenfolk. For they have to breathe the atmosphere of strife and to share the anxieties of the fighting, though not its excitements. Their domestic cares are increased to the point of hardship and deprivation. Many a successful strike must seem to them a Pyrrhic victory. Having no remedy, they brace themselves, as the women of France did during the war, to endure.

They have no remedy, it is true, on the eve of a strike. But in a larger sense they have now the remedy of political influence, theirs by the extension of the franchise. It is usually better to settle quarrels by conferences and accommodations than by fighting them out. This is so true of strikes that no one says it any longer. One strike, to speak roundly, is just as gratuitous as any other. But the railway strike, unheralded, gigantic and mysterious, appears to have stirred women voters to serious thought. Had the strike continued, employment would have been disorganised rapidly on a vast scale. Misery was in sight for hundreds of thousands of men and women when the strike collapsed on terms that, so far as they are satisfactory to the railwaymen, owe nothing to the fact of the strike.

The alternative to striking is conciliation and, when conciliation fails, arbitration. The reality and the attractiveness of this alternative will depend on the efficiency and the moral prestige of the agencies of conciliation and arbitration. It is not unlikely that suitable machinery and procedure will be devised. But, even then, peace will depend on the presence of the will to peace. The signs of the times are that the women will use their power on behalf of peace.

VIEWS OF THE MINORITY PRESS.

REFERRING to the preparations for the coming "Social Revolution," the organ of the S.L.P. says:—"It is a sordid business at best, but so is all life in its negative character, and we must find solace in the fact that only when we have a system of socialism established will humanity be able to express the positive side of life. That fact eases the tension of the most stringent scruple and blesses a multitude of sordid doings in a world which is sordid to the core and whose hall-mark is hypocrisy." "... the filthiest job which a Revolution imposes upon a Revolutionary becomes sanctified and made clean by the purpose of the Revolution, and likewise distasteful and repulsive opinions are ennobled when they become duties of the Revolution." The position taken up by the S.L.P. "presupposes a social Revolution, and we consequently estimate the value of all institutions and movements in the measure of their contribution to the Revolution. . . ."

It is in this spirit that Arthur MacManus—a teacher at the Educational Classes of the A.S.E. in Liverpool—invites his readers in *The Socialist* to investigate the problem of the use of Parliament, and it is apparently through these same spectacles that the Anarchist-Socialist leaders of one section of the Labour Movement invite their followers to examine all the important political, military and social questions of the day.

Having laid down his test of conformity, MacManus proceeds to deal with the future of Parliament:—"Parliament and Parliamentarism are NOT necessarily part of the equipment of a Social Revolutionary's paraphernalia and consequently *not absolutely essential* for purposes of Revolution. . . ." But, though Parliament is of no use for purposes of administration, it can, as Lenin has already pointed out, be used for the purpose of agitation. For the success of a revolution "it is not enough for those at the bottom not to be content to live as they did before. *They must also see to it that it becomes impossible for those at the top to continue their old policy.*" MacManus underlines the quotation from Lenin, and interprets it as an instruction to the Revolutionary Socialists "to make it impossible for Capitalism to reign. . . . It is therefore our duty, wherever Capitalism secures a foothold, to be on the spot loosening ground from under its feet, until it finally collapses. . . . It behoves us, therefore, to extend our tentacles throughout the entire ramifications of Capitalism in order to act as lightning conductors guiding the Revolution along its proper course. Parliament is included in this category. . . ."

The "advanced" journals of the self-styled Labour Press submit the question of increased production to the test of "what is right and good for Revolution." Writing in *The Call* (September 4th), W. McLaine, the Manchester shop steward, and now one of the official teachers in the Scottish Labour College, criticises "Brownlie's camouflage." "A fairly safe standard by which the workers may judge the pronouncements made by their leaders is to note the reception given to those pronouncements in the Capitalist Press. If the Press acclaims the speaker . . . it is tolerably certain that the individual in question has rendered good service to Capitalism. . . . Capitalists and the Press have been calling of late for increased production, and the appeal of Mr. Brownlie . . . coincides with Capitalist aims. The demand for greater production means that 'the workers, who have fought and toiled for the war period in a manner never before known, are to be asked to make good by their labour-power the losses their masters have sustained. . . .'" The workers, McLaine alleges, are now producing considerably more goods than they are paid for, and are consequently leaving in the hands of the Capitalists more wealth in the form of goods for which the Capitalists have no legitimate use. The conclusion is that "there is enough wealth produced now to guarantee to us all a full, nobly, and well-lived life. But Capitalism is the barrier that stands in our path."

Measured by its "contribution to the Revolution, either agitational or administrative," the Soviet is the one satisfactory instrument of the age. "The organisation of the Russian nation on new lines is an immense achievement. If the Soviet idea spreads, either as an adjunct or an alternative to Parliamentary government, then Lenin and the Russian Revolution may well be viewed by historians of the next century as the greatest man and the outstanding event of the world war." (Mr. Joseph King, ex-Liberal M.P., writing in *The Labour Leader*.)

Whatever may have been the true motive of the organisers of the railway strike, one section of the Press strained every effort to make it serve the purposes of revolution. *The Call* (October 2nd) describes the strike as "A Capitalist Conspiracy to Destroy Trade Unionism." Under this heading Victor Lantern writes: "If Capitalism is to be saved from bankruptcy, from collapse, the workers must work harder, their wages must be lowered. . . . Realising this, the Government—the chief political instrument of the Capitalists and financiers—has, since the war, been planning the destruction of the

working-class organisations. The Trade Unions—particularly organisations like the National Union of Railwaymen and the Miners' Federation—are the only barriers to the economic depression of the workers. Therefore, for the salvation of Capitalism, they must be weakened, demoralised, destroyed. . . ." Having in multifarious ways prepared the battleground, the railwaymen were *forced* to strike. "The fight has been deliberately forced on the organised workers." The Government did not want to negotiate with the railwaymen. "It wanted to fight. It wanted to wage its war of destruction on Trade Unionism. . . ." The defeat of the railwaymen "will be but the preliminary to massed Capitalist attacks on the workers of other industries, while a victory for the railwaymen will be a milestone on the road to the dictatorship of the working class."

The Daily Herald makes transparent efforts to disguise its revolutionary propaganda by alternately accusing the Government of fomenting revolution—which it begs the peaceful workman to beware of—and declaring that the social and industrial revolution is in full swing. On September 30th, under the sub-title of "The Government's Incitement to Revolution," the Prime Minister's telegram to Carnarvon is declared to be a direct incitement. "The men are presented with an intolerable ultimatum. When they reject it, they are told that the Government expects them to behave as 'Anarchists' and enemies of the community. Troops march through the streets with fixed bayonets. Warships are concentrated as if for naval battle. Everything is done to give the air of violence to what is, on the men's part, a peaceful, orderly, constitutional, lawful movement for better wages. We do not believe for one moment that the men will fall into the trap." The leader for October 1st, under the heading of "The Men Must Win," asks, "What, then, is actually happening to the country as a whole? The functions of Capital are suspended. The abominable system of private exploitation under which we live has stopped producing. Capitalist enterprise has broken down." The special arrangements made for the Out-of-work Donation to be paid during the strike are bitterly attacked. "Not even this Government has ever done quite so base and cruel a thing before. The design is to break the spirit of the workers—to make them slaves in soul as well as in body."

The leader for October 2nd—"Provocation"—continues the revolutionary strain. The possessing classes are "urging everyone to smash the Trade Unions. Consequently it is war—

war in its most horrible, terrible sense—a war within the nation. And those who have the power to control the military are flaunting themselves and their great strength before the workers' eyes in the most provocative manner. It looks as if they intend to drive men into disorder and violence. . . . Let the workers stand four-square together and allow no one to tempt them into any form of violence. It is worthy of notice that the new chief of the department which controls *agents provocateurs* has already visited the Prime Minister. We may be quite sure that some of his men will be at work instilling their poison into the minds of the workers. We beg them to beware of everyone who comes suggesting secret plotting, everyone who drops a word about violence or wrecking or destruction."

On October 4th George Lansbury himself analyses and interprets the strike. He calls it "The Class War." "The Geddes brothers are the exponents of the Capitalist creed. . . . The campaign they have entered upon is quite simple. It has for its object the total destruction of Trade Unionism as an efficient organised weapon for securing justice for the workers. . . . We have a huge spy system set up under Sir Basil Thomson. . . . His hangers-on are always ready to act as *agents provocateurs*. We have them calling at this office, dressed in all sorts of disguises, with all kinds of stories and mad suggestions." On October 6th we read that "the splendid solidarity of the railwaymen has defeated the attempt of the Government, and the Capitalist interests it represents, to smash Trade Unionism and inaugurate an era of low wages." The Government's design was "to smash Trade Unionism as such." "The forcing of inadequate wages upon the railwaymen was to be merely the first step in the creation of a working class so broken in spirit that it would accept inadequate wages in all industries for all time." The "lesson of the strike" has taught *all* the workers "that the Capitalist Press, and the Government which a portion of the Capitalist Press tricked the public into voting for, are joined together with the Capitalist employers in a solid army of reaction. . . ." "The workers . . . see that their choice is between submitting to be the slaves of the vast, organised, legalised, militarised, capitalised system of force and fraud which holds them down at present, and exercising their own power—the final irresistible power they possess as producers of all the wealth of the world—to accomplish the peaceful Social Revolution, control their own methods of work, and attain to the full status of free human beings in the Co-operative Commonwealth."

FOOD FOR THOUGHT.

Now that the excitement engendered by the alarms and excursions of the railway strike has evaporated, it is possible to perceive the broad lines of the picture in their true perspective. In the foreground stands the miracle of British Equanimity, undismayed and unvanquished. Never have the native qualities of tolerance and generosity been displayed to better effect than by those multitudinous victims of the strike who through no fault of their own were suddenly confronted with dangers, losses and inconveniences as serious as they were unnecessary. At such a crisis one might have expected that the predominant feeling would have been one of bitter indignation against the party guilty of aggression. For, of a certainty, either the executive of the Government or the executive of the N.U.R. must have done something to provoke the quarrel, and one or other of the two must have failed in statesmanship, or the quarrel would have been composed without the necessity for resorting to force. But the man in the street, as his habit is, refused to give way to hysterics, kept his temper, and set to work to make the best of a bad job.



And the job was a bad one, whatever the angle from which we view it. Let us state the broad facts of the case in plain English. An important group of workers had an industrial grievance. For some reason or other the Government failed to appreciate the seriousness of a situation which had been developing during many months. The larger public had been given no opportunity of forming an opinion on the subject of the stabilisation of war wages, and the rest of it knew little or nothing of the rights and wrongs of the railwaymen's case. With dramatic suddenness the public became alive to the fact that an industrial war of considerable magnitude had broken out, a war in which their own interests were deeply and immediately involved. They were threatened with the equivalent of a blockade which, if successful, would have meant starvation on a scale more widespread and more acute than any imposed during the war on any of the belligerent states. Gloze the matter over how you will, and make what excuses you can, the bald fact remains that an attempt was made to coerce the State to come to terms by withholding the necessities of life from the most innocent section of the whole community. This attempt was approved and supported by the very people who have been loudest in denouncing what Mr. Lansbury is fond of calling "the damnable blockade" of Britain.

The attempt failed because the Government had not been entirely deaf to the threats which the leaders and backers of the fighting policy of the Triple Alliance have heralded so insistently. But if the public were taken unawares, there was also an element of surprise in store for the blockaders. The sheepish victim, that was expected to bleat its unresisting way to the slaughterhouse, turned out to be a very active ram, and forthwith proceeded to butt his tormentors with no little vigour. Thereupon a change came o'er the spirit of the dream, discretion became the better part of valour, and some of the wildest advocates of direct action became converted with suspicious celerity to a more conciliatory attitude.



Meanwhile the country was flooded with propaganda in which both Government and N.U.R. competed with each other in trying at the eleventh hour to enlighten the public. The pity is that the railwaymen's case was not presented *in extenso* to the final court of appeal before their ultimatum was launched. We have no means of estimating how much money was spent by the N.U.R. in advertisement whilst the struggle was in progress, but we have no sort of doubt that the strike could have been avoided if half the money so expended had been used at an earlier stage. As Mr. J. H. Thomas himself observed, with regard to a previous dispute: "Either they were entitled to their demands before they struck, or they certainly were not entitled to them after the strike." This being so, one would have thought that it was up to Mr. Thomas, as the responsible advocate of the men, to make sure that the title to their demands was established at the bar of public opinion before, instead of after, the declaration of war.



In the end both sides claimed the advantage for tactical reasons, but in reality the result was a draw in favour of a third party, that is to say, the public who, moreover, had to pay a long price to recover their own property and to redeem their own freedom. The strikers gained something substantial which, we believe, to have been no more than their due before they took the law into their own hands, but which was less their due after they had failed to hold their fellow-countrymen to ransom. The Government gave way, not because they were terrorised, not because they couldn't carry on, but because they did not wish to accentuate bitterness by humiliating an important, though misguided, section of the nation. The Prime Minister can seldom resist a deal, and he was able to gratify

his penchant for negotiated peace to the accompaniment of very general public approval. It is hardly necessary to add that as a matter of course *The Daily Herald*, with its congenital inability to appreciate anything that savours of generosity or sportsmanship, yelled itself into a passion of invective composed in about equal parts of truculent threats, smug complacency and bombastic pæans of victory.



We have suggested that the National Union of Railwaymen would have obtained justice without giving offence if they had spent their money on education rather than on direct action. To this there is the obvious corollary that the Government would have saved the taxpayers a great deal of money if, before the strike started, it had offered the maximum concessions which it would be prepared to grant to bring the men back to work. "Look before you leap" is a golden rule which Governments cannot afford to disregard.



We wonder whether anybody in the Government or outside it has any conception of the prodigious losses inflicted on both sides in such a dispute as that through which we have just passed. If a statistical department of the Board of Trade could keep—and publish—a sort of balance sheet showing the gross cost of strikes and lock-outs to the whole community as compared with the advantage gained by any section through the same agency—we think that the immensity of the adverse balance would be sufficiently surprising to stimulate the most lethargic Government into taking drastic steps to prevent, or at least to curtail, such a suicidal waste of our national resources. Unfortunately the practical difficulties of compiling an accurate balance sheet on these lines are probably insuperable; but some indication of the vast extent of the adverse balance can be gleaned without much difficulty by anybody who cares to study such figures as are available.



When, in our nursery days, we were told that the cow jumped over the moon we thrilled with excitement at the adventure, and were never tired of feasting our imagination on the fancied spectacle of the achievement. But we never tried to emulate the cow. The thing was too preposterous. We knew that it was only make-believe. Now that we are grown up, there is much in the Utopian dream of universal Socialism that is beautiful and pleasant, and that it does men good to contem-

plate as an ideal. Though you may never be able to jump over the moon, it is quite good and healthy to see how high you can jump.



If Mr. George Lansbury or Sir Leo Chiozza Money assured a body of working men that they had it in their power to invest themselves to-morrow with the genius of Napoleon, the poetry of Shakespeare, the science of Newton, or the eloquence of the Prime Minister, they would enjoy the joke. But they wouldn't waste a minute in considering the proposition seriously. The chief danger of the revolutionary propaganda now so rampant is not in the attractiveness of its lavish promises so much as in the subtle admixture of the grain of truth that lends a semblance of reason and probability to propositions in truth as impracticable as moon-jumping.



Economic facts are not very simple to grasp. They can be viewed from so many different angles, and their actions and reactions are bewilderingly complex. It is, unfortunately, the easiest thing on earth for the fanatic, struggling with his one idea, to convince the unsuspecting listener with a tissue of economic falsehoods. And this is exactly what is being done—and has gone steadily forward for years past—among many of the more energetic, ambitious and intelligent sections of the working class.



Readers of the official organ of the N.U.R., the *Railway Review*, are told that, "One feature common to capitalist production is the recurring commercial crisis and industrial stagnation. These always mean unemployment and bitter poverty for large numbers of workers. . . . The slower the workers produce, the further away is the crisis." W. McLaine, a teacher of economics in the Scottish Labour College, assures the readers of *The Call* that the wealth already produced by the workers "is so great that the capitalists themselves do not know what to do with it or where to invest it in order that it may bring in a sure return! Our trouble is to dispose of the wealth produced. . . . The European war was primarily a contest to decide which group should have control of the markets of the world. . . . The position of the capitalist has been strengthened by the war. . . . The potential and actual productive capacity of the means of production is now immeasurably greater than ever it was. If the workers of this country increase their output and the workers of America and other

countries do the same it means certain war again in the next few years to decide who shall be the dominating influence in the markets of the world. . . . There is enough wealth produced now to guarantee to us all a full, nobly and well-lived life."

The Clarion Press publishes a pamphlet entitled, "Money made Easy," in which the writer, Mr. R. B. Suthers, provides the working man with a fascinatingly simple chain of reasoning as to why high wages and hard work are in no sort of way connected. Mr. Suthers proves to his own satisfaction—and, so plausible is the argument, most probably, we fear, to that of most of his readers—that the road to progress and prosperity is through the endless expansion of credit.



Arguments of this kind are only too easy to find. They occur continually in the *Daily Herald*, and fill the pages of the many weeklies and monthlies of the Minority Press. The only effective weapon against the misdirection of the credulous and ignorant by calculated falsehood is the dissemination of the truth. An educative campaign is an imperative need, not of the moment, but of all future time. You cannot bluff the average schoolboy by telling him that the original Jerusalem is in America. The utter falsity of such assertions as "capitalism is the barrier that stands in our path" can and must be made equally apparent.



The scheme for amalgamating all the engineering and allied trades into One Big Union, which was such a feature of the Rank and File Movement's agitation three years ago, and which petered out after the fiasco at the Newcastle Conference, has been revived under new auspices. The project involves a plan for pooling the funds of the undermentioned unions and societies—viz., the Amalgamated Society of Engineers, the Steam Engine Makers, the United Machine Workers, the Electrical Trade Union, the United Brassfounders and Finishers' Association, the North of England Brass Turners', Fitters' and Finishers' Society, the Amalgamated Toolmakers' Society, the Amalgamated Moulders' Union, the United Patternmakers' Association, the Associated Smiths and Strikers, the National Brassworkers and Metal Mechanics, the Central Iron Moulders' Association, and the Association of Engineering and Ship-building Draughtsmen. The title of the proposed combination is to be "The Amalgamated Engineering Union," which, it is claimed, would have a membership of approximately 500,000, and a capital fund of three and a half millions.

No. XXVII
NOVEMBER

MCMXIX

"All great alterations in human affairs are
produced by compromise."

—*Sydney Smith.*

THE
MAYERS

THE MAYERS
THE MAYERS
THE MAYERS

INDUSTRIAL PEACE

CONTENTS

Direct Action and Democracy

Practical Economics—VII.

On Atmosphere

Organising for Chaos

Decentralisation in Industrial Questions

The Limitation of Profits

Views of the Minority Press

An Industrial Creed

Food for Thought



INDUSTRIAL PEACE

DIRECT ACTION AND DEMOCRACY.

"DEMOCRATIC Government," wrote one of its greatest apostles, "is far more than a piece of political mechanism or ingenious device invented by political experts for the management of the national business : it is more even than a plan for securing that 'government by consent' which, since the days of Locke, has always been in the forefront of political struggles. It is an opportunity for sharing in one of the very greatest elements of civilisation—the government of a nation ; and, for the individual citizen, it is an open door to an emancipation into the larger life of the service of his country—a duty rather than a right, an obligation rather than a gift, a discipline rather than a concession." Thus, the essence of democracy is participation. But this interpretation of democratic government is by no means universally accepted. There are people who test by result rather than by method or machinery. They argue, in effect, that what is efficient cannot be undemocratic, and that nothing is democratic which is inefficient. To identify efficiency with democracy in this manner is either to strain the meaning of the former so far as to deprive it of significance, or to ignore the spiritual value of participation in itself. Those whose test is "efficiency," narrowly conceived, are generally bureaucrats, and enemies of true democracy. They sometimes mean well, but suffer from myopia.

Syndicalism and Bureaucracy.

The twin-brother of the bureaucrat is the syndicalist, who likewise believes that the will of the "active" minority should determine the conditions of living for the "passive" majority. And he naturally belongs to the "active" minority, and will owe allegiance to that group so long as democracy exists. His method of achieving his end is called, in this country, "direct action," which may be described as the employment of the industrial weapon—the strike—to secure a political result. The final end, as already stated, is government by the minority ; the method of governing for the time being is to coerce the existing administration. "Direct action" is essentially government by force, and therefore essentially anti-democratic.

But not all direct actionists are anti-democratic in spirit. Probably the vast majority consists of people who have not examined the implications and corollaries of their attitude; they have been swept along by the dynamic force of vigorous leadership and unwearying propaganda, in which the real issues have been obscured by the persistent identification of political with industrial questions, and direct action with ordinary industrial strikes. There are others who defend their policy on the ground that the present Government is no longer representative of the people, and that the industrial strike is the only available method of compelling legislation which expresses the general will. Hence their support of the attempt, during the summer, to produce a general one-day's strike, or demonstration, with the object of frightening the Government into abolishing conscription and withdrawing British troops from Russia. It is at all times an easy and comforting belief among dissentients that they constitute the majority.

George Lansbury as the Advocate of Anti-Democratic Government.

But some of the most active leaders of the direct action movement go much further, and deny the right of the majority to govern. Among these is to be reckoned Mr. George Lansbury, of the *Daily Herald*. Admitting the possibility that the minority who opposed the blockade against Germany, conscription, and other parts of the Government's recent policy, might be as small in the country as in Parliament, Mr. Lansbury adds (*Daily Herald*, Saturday, June 28th) that, "for all this, the minority has rights, and we have the right to revolt. What form shall our revolt take? Because I am an out-and-out pacifist, an opponent of force, of violence and disorder, I claim we have a right to withdraw our labour as a protest." This is not an isolated sentence which, removed from the context, misrepresents the political theory expounded at that time. To take another example from the leading article of the *Daily Herald*, June 27th: "And, anyway, all this denial of the right to strike is absurd on the face of it. A man has a right to strike for anything he thinks it right to strike for."

Stripped of the ambiguity which appears in the last quotation, this doctrine means that a minority of a trade union may render void any and every agreement concluded by its executive. Agreements have no binding force: they are mere scraps of paper which pledge nobody. The moral right to strike, which is generally believed to be surrendered for the tenure of a wage

agreement, may be recovered at will. Desire knows no law, not even the law of individual contract. Thus the doctrine is hopelessly inconsistent with and destructive of trade unionism itself. It is not merely anti-democratic : it is frankly anarchical. It excludes all regulations, since these cannot be enforced. If practised it would destroy all organised life, for even voluntary organisations are founded upon regulations which must be obeyed if such organisations are to survive. The right of the minority, be it observed, extends beyond that of resignation : it covers "revolt"—organised revolt—active resistance. For a strike is more than "passive resistance," resignation, or "simple withdrawal of labour"; it comprises an attempt (through collective withdrawal and picketing) to prevent industries from being carried on during the period of the strike. And the "general strike" is nothing less than active and organised resistance which, by the employment of economic power, aims at making life impossible until the demands of the minority are conceded. But they never can be conceded, for the simple reason that unanimity is unattainable. And if there is always a dissentient minority which possesses the right, under all circumstances, to impede the production of the essentials of life, and exercises that right, how then can life be sustained ? The theory is thus directly antagonistic to constitutionalism, democracy, even government itself ; by implication it defends "unofficial" strikes, and disorder as a permanent feature of industrial society. It implicitly denies the possibility even of State control of industry, for this, like democracy itself, and all forms of organised life, involves discipline and obedience to law. If the minority enjoy the right to revolt, it is a right to revolt against the majority : the consequence of its exercise is a trial of strength, and government by force. The inalienable right of a minority in a true democracy is that of converting itself into a majority, when revolt becomes superfluous and a revolution has been achieved. This fundamental truth now seems to have been grasped by the miners' leaders, if one may draw the obvious conclusion from their present campaign in favour of the nationalisation of the coal industry.

The Blind Alley of Inconsistency.

Mr. Lansbury does not, of course, declare himself an enemy of political action. In the article first quoted he wrote as follows :—"Some of us still believe that 'passive resistance' or the strike is an invaluable method for backing up political action. In a political party there is no room for those who

declare in favour of strike action as *against* political action. Once we accept membership of a purely political organisation, by that very fact alone we proclaim our faith in political methods of organisation and action. This, however, ought not to prevent our adopting the method of the strike when we feel the tide of injustice and wrong cannot otherwise be stayed." Minority! Achieve your end, democratically if you can, but—achieve your end! It is hardly necessary to point out the contradiction in the two quotations. Given the right of the minority to revolt—which is a denial of the right of the majority to rule—there can be no enduring political organisation of the nature above described. Direct action and political action cannot be complementary, for they are mutually destructive.

Democratic Government v. Direct Action in the Mining Industry.

It is difficult to estimate the influence exercised over the general body of industrial workers by these anti-democratic views, but there appears every reason to believe that they are now discredited even where they were once regarded with sympathy. Moreover, it is probable that the threat of direct action will not again be seriously employed by the miners with regard to the subject of nationalisation. The miners aim at combining State ownership with a considerable degree of administrative control by themselves; and it is fast coming to be recognised that such control must be founded on the democratic principle, and that to place themselves in direct opposition to the democratic principle when applied in the political sphere is to destroy any chance of success in their endeavour to apply it in the industrial sphere. The South Wales extremists who recently issued a pamphlet describing the method of control which alone would give them satisfaction stand in the same relation to the Miners' Federation as the latter threatened to stand to the State. And the abandonment of democracy, in practice if not in theory, by the Federation would ultimately have led to the disruption of that body.

The Responsibility of the House of Commons.

But the danger of direct action, although growing more remote, has not yet disappeared. The Government, at the present moment, may or may not be an effective instrument for giving effect to the general will. But even assuming that its measures have hitherto met with general approval, there

remains the danger that it may embark upon a policy which, if submitted to the electorate, would be rejected by a large majority. The present Government was elected to deal with a large group of problems each calling for legislation so important as to justify, if not to compel, under normal peace conditions, an appeal to the community. Moreover, it is becoming more and more evident that such measures raise questions of political principle ; and such questions are precisely those which are settled on " party " lines. If, therefore, the Government fails in its endeavour to interpret the general will, the danger of direct action will again become acute. And the influence of the anti-democratic extremists will tend to grow with the disappointment of the electorate. The real responsibility of the House of Commons is therefore greater rather than less than in the past. Nor is it merely a collective responsibility. Never was it so important that individual members should be in close contact with their electors, to educate them and be educated by them. In this way alone can democracy be made effective and the last vestige of excuse for direct action destroyed. It was stated at the beginning of this article that the essence of democracy is participation. Those who are anxious to shoulder their responsibilities as citizens and are denied the opportunity of participating in government in the manner approved by the apostles of democracy in the past will seek other methods of participating, and in so doing may fall easy victims to other apostles, not of democracy, but of anarchy.

PRACTICAL ECONOMICS—VII.

LAND.

THERE is, undoubtedly, much in the present system of land tenure in this country which is open to attack both on economic and on ethical grounds. But it is one of the apparently ineradicable weaknesses of man that his vivid perception of the evils of tried and existing systems blind him alike to any traces of soundness there may be in the scheme he would destroy and to the no less glaring imperfections of projected reforms. Generally speaking, the things we have are not wholly bad, and the things we want are not wholly good. This is particularly true of our present methods of handling land, labour and capital in the work of production. In order to take an intelligent interest in the economic problem as a whole, there are certain permanent, fundamental aspects of the nature of land, its uses and remuneration which we must see clearly. Given these, we can estimate for ourselves the possible actions and reactions which the existing and the various proposed systems of the use and ownership of land would exert in any given set of social and economic conditions.

“The right to use a certain area of the earth's surface is a primary condition of anything that man can do. . . . Every acre has given to it by Nature an annual income of heat and light, of air and moisture, and over these man has but little control. . . . Ownership of the land gives possession of this annuity; and it also gives the space required for the life and action of vegetables and animals, the value of this space being much affected by its geographical position.”*

The points to be emphasised in defining land as an agent of production are:—

1. That it is the sole source of all raw material, the foundation without which life cannot exist.

2. It consists of all those things which man does not produce by his own effort—the free gifts of Nature.

As regards its supply, land is limited in quantity. The demand for its use necessarily increases in direct ratio with the growth of population. Quite apart from any effort the owner may make to increase the value of his land, the greater the population, or the greater the needs of the community, the higher will be the price paid for the use of the land. (Next month we shall discuss the factors determining price. Where competition is free, the greater the demand for anything, the supply of which is limited, the higher the price at which it will be sold.)

* Alfred Marshall : *Economics of Industry*.

The Nature of Rent.

But if land is a "free gift of Nature," why pay anything at all for its use? In discussing this question we will confine ourselves to the conditions obtaining in our own country, where the supply of land is strictly limited in proportion to the population. Land is essential to production. By the application of labour and capital to land man maintains life. But all land is not equally productive: different amounts of labour and capital must be expended to produce equal results from equal quantities of land. Land varies in fertility and in its site value. To the bill-broker, a few square yards in Lombard Street is worth infinitely more than as many acres in Scotland. Because land is limited in supply, essential to life and of unequal value, men compete for its possession and are willing to pay for its use a sum proportional to the difference in value that the land will make to their ability to earn or to produce. Land is a requisite of production paid for in accordance with its productivity. Rent is the payment made for the use of land. Actually, of course, what we term rent nowadays is largely payment for improvements in land due to the previous investment of capital in that land. But such payment is really interest on capital and must be dealt with as such. If we exclude payment for capital invested, we see that true rent, generally termed economic rent for the sake of clearness and accuracy,* is the estimate in terms of money of the difference in productivity of various pieces of land occurring in the same market, differences inherent in the land and outside the owner's control.

Is Rent a Socially Useful and Necessary Payment?

From the point of view of the community it is an advantage that the land should be available for use by those who can render it most productive. The welfare of the population of a country is conditioned by the net amount of wealth extracted from the land. And the man who can use it most advantageously will, generally speaking, be the man who is willing to pay the highest price for it. It may be objected that the man who is willing to pay the highest price is the wealthy magnate who will use the land solely for his own pleasure. This is true of a certain proportion of one type of estate, but it is not the necessary result of allowing rent to determine the distribution of land. It is conceivable that legislation could deal with this

* The use of the term "economic rent" is not confined to land, but as we are dealing only with land we must, for the present, ignore its other applications.

possible hardship without destroying the principle of property in land. It must also be remembered that the possession of a country estate may be an incentive inducing men to add materially to the country's wealth. The possibility under our present system of men being able to acquire pleasure estates by virtue of wealth which they hold without themselves having conferred a corresponding benefit upon the community is certainly not socially useful, but its prevention must be sought in some alteration of the conditions under which men compete in trade and industry, and in the laws of inheritance.

It is just that the individual should pay for the increased value given to his labour and capital by the use of any given piece of land. Given equal skill, the man whose land is more fertile than his neighbour's will be able to raise a bushel of corn with the aid of a smaller amount of labour and capital. But the price of corn in the open market will be the same and must give an advantage to the one whose cost of production was lower. Or, again, proximity to good markets confers an unmerited advantage on the owner of one site as opposed to the owner of another. In any system aiming at equal reward for equal effort, rent in some form should have to be paid, if not to the individual, then to the State.

The Economics of Private Ownership.

On the grounds of equity the payment of rent appears to be justified. The economic and the social and ethical aspects of the present system under which this socially useful principle is applied are not quite so satisfactory. Rent is due to differences in the productivity of land. Rent originates in and is determined by this difference. The exchange value of anything depends upon the relation between the demand and supply of that thing, but cannot permanently fall below the cost of production. The greater the demand for land, the supply of which is strictly limited, each site having a monopoly-value of its own due to its particular fertility or its site value, the higher will rents rise, because the price paid for the most productive land will be proportionate to the excess of its value over that of the least productive land brought into use.

Rent is a payment made for something which has a scarcity value due not to the owner or user of the thing, but to causes beyond any individual's control. The essential characteristic that distinguishes it from other forms of income is that it is the outcome of differences that are not due to the owner or user and are independent of the payment made for it. We see that the payment for land differs from the payment made for labour

or capital in two important ways. The supply of land is not affected by the payment; the total amount of produce would not be diminished if no rent were paid. It is not a necessary element in cost of production and does not affect the level of prices, which must always approximate to the cost of production of the product raised on the least productive soil under cultivation. Prices determine rent; they are not determined by it.

An examination of the nature of rent must show us that, considered impartially and without reference to the history of the actual conditions prevailing, the payment of rent to the individual is not socially useful or necessary. True rent—that is, the payment made for differences in the productivity of land—does not increase production by stimulating endeavour. The quality paid for is independent of endeavour. Under private ownership, therefore, individuals reap the benefit of a charge on industry for which they give no corresponding return. The individual contribution to the wealth of the community is not affected by this payment. Socially and economically there is no justification for the unnecessary diversion of public wealth to private ends.

The Ethics of Private Landlordism.

The ethical case is equally unsound. Under our present laws of inheritance the ownership of land entails a permanent inequality of the distribution of wealth which increases the remoter the title and the greater the needs of the population. Moreover, it must be understood that the increased land value shown in a rent rising owing to the needs of a growing population is an increase in its exchange value, not in its productivity of wealth. The price goes up because the supply is limited and the demand increasing.

Ethically and socially the payment of economic rent to private individuals is open to criticism. Economically rent is an efficient method of equalising the return made by land of varying fertility or site-value to equal quantities of labour and capital. But it must be borne in mind that the term rent as commonly used covers a composite payment for land and for improvements due to capital and management. It must also be remembered that even if we do all come to recognise clearly that our present system is economically and ethically unsound, the land has been in many cases acquired and in practically all cases held in good faith by the owners, who have invested their capital in its maintenance and improvement, ignorant of any flaw in the justification of their title to the property, and consequently entitled to every consideration and full compensation under any scheme of expropriation.

ON ATMOSPHERE

I REMEMBER some years ago spending most of a day, along with a friend, over a matter of passports in a foreign town. You know the weary round: office after office, official after official, till eventually you reach the right room and the man that can set you on your way. At last we stood by his desk, tired, but cheerful, and grateful to him in advance. We mentioned our business. He looked up with a jerk, threw looks and words at us, stark and sharp, so that in a few moments we were glad to escape from the battering spasms of his energy. He thought, I suppose, that he was being terse and clear. In reality he conversed like a machine-gun. As we closed his door from outside, my mild friend said to me, "He lacks atmosphere."

This is certainly a serious deficiency. A picture without "atmosphere" may strike or startle the beholder, it may administer a strong stimulus or a shock, but it will scarcely please him. Whereas the good picture, in stirring thoughts and feelings, sends the beholder on his way rejoicing. Good art conciliates the elements of his mind. It is the same with a poem or with music as with a picture. The poem or the picture without "atmosphere" lacks a subtle form of unity, the broader encompassing unity that gives a charm to art. Most works of art can be analysed into action and atmosphere. Most embrace something central that has emphasis laid on it and a vaguer something that is around and underneath. You may call it background, or tone. Its function is to support the central elements by a general attunement. Thus in a tragedy atmosphere fosters the movement of the plot, and prepares the audience for the tragic *dénouement*. With the comic atmosphere there goes a different expectancy. In all these cases the pleasureableness of art depends on the theme being helped out by a sympathetic atmosphere.

That is the point I was coming to—the interplay of action and atmosphere. It is a most important point. You will agree more readily, perhaps, if I put it in other words. Take a committee meeting where there is factiousness or friction of cross-purposes in the background, so that nothing goes right. Or take any gathering that may happen to suffer from someone striking a wrong note. Wherever men embark on some joint venture, whatever be its character, their happiness and their effectiveness depend to a surprising extent on a harmonious

atmosphere. Harmony is hard to build up, but easy to destroy. The harmony I am concerned with here is the fostering friendly air in which a man's action thrives easiest. Without encouragement from others, without a kindly expectancy to draw them on and draw them out, men seldom do their best. The interest of others doubles or trebles the worth and the force of most men's efforts. Look at the home, which is the epitome of the best in human life. There you find mutual encouragement and stimulation in an atmosphere of affection. It is thus that effectiveness and happiness are combined.

Now I come to the heart of my argument. For action to be right, the atmosphere must be right. A man's actions are his own: the surrounding atmosphere that either helps or hinders his efforts is the creation of others. He himself in his turn has a part reciprocally in creating the atmosphere that lowers or shines upon other men. Thus all alike are dependent, in part, for success and happiness on the maintenance of a good atmosphere. In a bad atmosphere of tension, hostility and alienation no one does, or is, his best. And atmosphere is not an accident. Mere impulsive instincts of friendliness will not assure a good atmosphere. More is wanted than impulse. The creating and the keeping of a good atmosphere must be realised as the first social duty. It must be adopted as a permanent policy.

At this moment many things are out of gear in England because men and women are not fastidious enough about atmosphere. They allow ignorance to diffuse suspicion, and divergence of interests to subvert goodwill. Hence there spreads the atmosphere of criticism and menace that is weighing so heavily on the activities of hundreds of thousands. Time and power are wasted on unsocial feeling. Those who harbour hate are worse men for it themselves, but they weaken, too, all the heartiest energies of others. A society subject to these icy and poisonous influences must needs live under an unnatural strain. It may sink indeed into pessimism and suffer disintegration.

Nothing will excuse the propagation of the hostile feeling that can be so repressive, just as nothing can prevent it, once it is there, from having its due effect. The issue is a moral one. Good manners and good morals alike impose on all of us the duty of keeping the atmosphere sweet. In proportion as we fail in this intimate personal duty, so shall we heap up for ourselves industrial and political evils. Politics is not a realm apart from morals. In politics there is writ large for all to see the trend of our besetting faults as members of society and the measure of our failures.

ORGANISING FOR CHAOS.

WHAT effect has the recent railway strike had upon the plans and schemes of the revolutionary movement in this country? There are people who would like us to believe that it has ended the menace of a general strike. This is the conclusion of *The New Age*, which observes:—"If it be asked in what respect the Government may be said to have obtained a complete 'victory,' we should point to the impalpable but very real dispersion of the threatening myth of the general strike. That, in all certainty, has entirely disappeared. From being a bogey, half believed in, it has become a discredited turnip-head, which nobody but a newspaper paragraph-writer will ever again take seriously."

If *The New Age* can take this view, we need not be surprised at the ordinary Press arriving at a similar conclusion. This comfortable view is based upon the success with which emergency transport was organised, and upon the effective services rendered by the volunteers.

What do the would-be organisers of revolution think about the recent strike and the Government's efforts to defend the community? It is quite clear from their comments in the Press and at various meetings that the preparations of the Government were on a much larger scale than they had anticipated. And it is equally evident that, for some undisclosed reason, the railwaymen's leaders had not kept the Triple Alliance fully informed of the progress of the negotiations. The strike was called without consulting the Triple Alliance, and before the plan of campaign was complete. The explanation given by the extremists is that the Government, knowing that a big Labour rally was coming, forced the hands of the Executive of the N.U.R., and left them no alternative but to strike immediately. It may be observed, however, that the N.U.R. Executive was free to call a lightning strike, whereas the other members of the Triple Alliance could not do so without a ballot. Mr. Neil McLean, M.P., denounces the Parliamentary Committee of the Trade Union Congress because they did not at once call out all the unions in support of the railwaymen. But even if the Parliamentary Committee had been in favour of a general strike, they had no vestige of authority to order the unions to cease work.

Looking back upon the net results, the extremists regard the late strike with mixed feelings. They are satisfied with the

"solidarity" of the railwaymen, but they are somewhat disappointed that the crisis did not continue long enough to create a revolutionary situation. They attribute this failure to the apathy of some of the Labour leaders, and to the lack of co-ordination between the fighting forces of the Labour movement. They do not seem to realise that a national stoppage of railways is an inconvenience, not only for the general public, but also for the organisers of the paralysis. In fact, the Labour leaders were as much handicapped by the stoppage of trains as were the general public. Some of them had the greatest difficulty in attending hastily summoned conferences. Mr. Neil McLean and the Clyde workers may "boo" Mr. James Sexton because he travelled from Liverpool by a train worked by "blacklegs," but it was probably the only, and certainly the least expensive, way of getting to London. Mr. Ramsay MacDonald got no enjoyment out of his three days' motor trip from the north of Scotland, during which he seems to have been fleeced by motor owners and hotel proprietors. The fact is that some of the biters were bitten, and the weak links in the revolutionary chain are consequently in process of being overhauled.

John MacLean, and other promoters of revolution, find a grievance in believing that the Government forced the railwaymen to strike before the organisers of the attack were ready. He complains that, "Instead of waiting till Labour would take the offensive on issues giving Labour new power in the Class War, the Government has promptly rushed in and driven Labour to defend itself." As a result of these experiences the extremists are now advising caution, and are urging their docile followers to avoid precipitating a crisis until the revolution can be carried out "according to plan." To quote the Bolshevik Consul again, "if a general strike can be avoided at this juncture, I think it advisable; for the Government has shown its preparations and its control of food and vehicles. A general strike should have behind it the impetus of a Labour attack, whereas the impetus is on the side of the capitalist Government." Under these circumstances delay is necessary while the army of the Class War is more effectively organised and equipped. Labour's commissariat, which is the Co-operative Movement, must be prepared for the next conflict. As MacLean put it:—"We must get ready to see that in the greater clash that is coming we get the foodstuffs into the hands of our class." Winter is coming on, and negotiations and agitations must be continued "until the people are thoroughly united for a mighty class effort." But he is still

afraid that some sections, the miners perhaps, may act before the revolutionary forces are ready. So he asks:—"Can the miners afford to wait a month or two, until March, if need be? I believe they can, if they apply the ca'canny policy and are backed up similarly by the other workers."

If the miners will wait, a General Staff will be formed to direct militant Labour, and in the meantime steps will be taken to organise Workshop Committees "with a right class bias." The Scottish Workers' Committee met in Glasgow on October 25th to consider the division of Scotland into areas to be controlled by Social Committees in the coming crash, and a similar scheme is proposed for England and Wales. These local bodies will be closely allied with the co-operative societies, and they will be under the direction of a Central Committee. The demands of this revolutionary organisation are to include, according to MacLean, the *socialisation* of mines, railways, and other industries, with "full industrial control by the workers involved, though modified to permit of the use of the Co-operative Movement, control of the education of the workers, a thirty-hour week, fifty per cent. increase in wages, communally produced houses, withdrawal of British troops and aid from all parts of the world, the abolition of the Army and the Navy and the establishment of a workers' defence force and the transfer of the functions of Parliament to Labour's Central Committee."

In what way do its authors propose to realise this ambitious programme? In the summons to the conference at Glasgow on October 25th, referred to above, it is stated that "Labour's great fight with Capitalism is drawing near." The most elaborate preparations must therefore be made for the great event, and the workers provided with "the necessary knowledge and machinery to carry on." The General Staff or Central Committee is the first step towards this end. The local Committees will be assisted to some extent by the capture of municipal bodies. The increase of political power, locally and nationally, must be ancillary to the industrial policy of the revolutionary organisations. How political institutions can be used for revolutionary ends has been fully explained by Lenin and by his disciple, Arthur MacManus. The situation, then, industrially and politically, is regarded with some degree of satisfaction by the fomenters of strife and class-hatred. All that is required in the opinion of the leaders is better organisation, the exploitation of the Co-operative Movement, and, in the words of MacLean, the placing in responsible positions of "declared revolutionists" like Mr. Tom Mann, the new secretary of the A.S.E.

DECENTRALISATION IN INDUSTRIAL QUESTIONS.

IN one sense it is a little premature to put forward decentralisation as the true policy in the industrial realm. You cannot decentralise unless centralisation has already taken place: and it is a common error to suppose that centralisation is already a serious danger in industrial questions, a danger that can be met only by cutting away an inflated central organisation. The truth is that a little organisation for the solution of labour questions exists at headquarters in London, and very little, at least of an effective kind and adequate in scope, exists anywhere else. It is but too true that "machinery" is woefully lacking both in London and in the provinces. The nation is only at the beginning of the "parliamentary" era in industry. It will not go far without finding that representative bodies in London, and similar bodies in the great industrial regions, each well developed in the various departments of the work—executive, investigatory, judicial—and each backed by public interest, are the main condition of industrial harmony and success. The centralised and the provincial organisations should be but the complementary aspects of a sound scheme.

At the present moment efforts are being made to establish a National Industrial Council. These efforts will and must succeed, if not immediately, then soon. But when the Council is set up, that will not be the end. If it were, the National Council would be too much in the air to be effective, for its natural and necessary complement, and indeed its best support, is a system of local councils. Consider the analogy of Parliament. No one argues from the existence of the two Houses of Parliament at Westminster that Bradford need not have a town council, or that no local authorities are needed in Essex. The whole country is covered with a network of little and lesser parliaments. These may have less power than the body that sits at Westminster; but they reproduce, with the necessary variations, its main characters, executive responsibility, constitutionality, and representativeness. The moral of town and county local government is that freedom and efficiency depend on the application *pari passu* of one main conception both at headquarters and in the provinces. Thus Parliament and the town council are complementary: the centralising and the decentralising tendencies have grown together, and together borne fruit.

The National Industrial Council is intended to embody the

conception of autonomous responsibility and representative action. It will necessarily focus certain discussions, from which a public opinion and an "atmosphere" may be expected to emerge. If the broad analogy between the political situation and the industrial situation is sound—which may fairly be assumed—then the complement of the National Council is a series of Grand Industrial Councils up and down the land. If anyone objects that the multiplication of public bodies is a mistake, let him remember that cases must be judged on their merits. Judged by its merits, or rather by its demerits, the industrial situation is plainly one in which almost the prime need is more "machinery," and "machinery" of the most statesmanlike stamp.

If anyone, distrustful of bodies and disbelieving in legislation as an end in itself—a follower, in short, of the principle of parsimony in governmental matters—is inclined to deny the need for machinery, let him consider what happened during the war. Industrial questions were brought in great numbers to London, the only place where adequate facilities for solution were to be had. In London, therefore, certain innovations had to be made. Various war ministries developed Labour Departments. The Committee on Production was set up as the supreme arbitrating body. And there the process stopped, except for one development. So great a concentration of authority necessitated measures of decentralisation. These measures were undertaken by the War Ministries, which established a multitude of branch offices in the various industrial regions. That is what decentralisation means for the official mind: the planting out of subordinates. The Committee on Production continued to be the final court of appeal and also a court of first instance. Much of its work was ludicrously irrelevant to its main *métier* of co-ordination in the larger issues.

It would be very unjust to depreciate the work done in industrial matters by the branch offices of War Ministries. At the same time a realisation of the inherent limitations and failings of these branch offices is necessary if, in future, industry is to be provided with better procedure and better machinery. The branch officials were probably on the whole superior, as *personnel*, to the class of men who would have filled these posts if the posts had existed in ordinary times. But though in respect of personality and technical qualifications these officials were, in great proportion, men of standing, they had very little executive power. They could do nothing of any consequence without referring to chiefs in London. They were not representative of their districts. They had not the backing of any

effective local body, for no such body existed. They could not focus public interest, being themselves but an organ of the central government, nor could they create an atmosphere, or express a live public opinion. In short, they were not a local development with a democratic basis, but only a set of temporary intruders from London. And though they did some good work, their usefulness was restricted in a variety of ways. They were, indeed, a form of decentralisation, the only form, perhaps, that was practicable in the haste of the war period. It is possible now to see in what ways they ought to be supplemented, just as the national interest demands that by such supplementing the risks of bare bureaucracy shall be guarded against.

The war system was faulty in another respect. Not only were the local offices "in the air" as drawing bureaucratic authority from London, but in London the concentration of executive authority in the hands of a few overworked groups of administrators was in itself a serious evil. Too much business came to London. Congestion meant delay, and delay was directly provocative of unrest. Administration at a distance is inevitably faulty, at any rate in industrial affairs. Questions were apt to go through a cycle—initial delay would lengthen into indecision, and procrastination would end eventually, as is its common end, in impulsive and perhaps imprudent action. The provinces were gradually getting at loggerheads with London. The refusal to obey awards and decisions, for instance, in wages questions, which showed itself in 1918, was due in part to a growing reluctance to take orders from London. The ill-effects that might have attended the divorce of decision and administration from local feelings, had the war not ended in November, 1918, have been spared us. There were plenty of signs that they would have been severe enough to compel a real as distinguished from a bureaucratic decentralisation. Incessant recourse to London bred a habit of litigation in industrial matters. The habit and the taste thus formed still exist as a handicap. Trade union officials came to London to confer with Government officials and with the officials of the employers' organisations. It was officialdom with a vengeance. The mass of the working men felt themselves complete outsiders. The mass of employers felt the same, but perhaps cared less. The general attitude of Labour at present consists in part in a resolve to prevent industrial affairs from drifting again into the grooves of bureaucracy. Further, the centralised methods followed in the war had two untoward consequences which are patent to all observers but are seldom referred to their true

cause. If a great number of industrial issues are brought for solution to the same central court or to the same set of officials, these issues inevitably tend to consolidate with each other. The specific character of the issues is apt to be forgotten. Cases that have little to do with each other are apt to be decided on identical principles and in the same ways. And, secondly, industrial issues, concentrated in London and thereby consolidated, turn very readily into political issues. From such a confusion both industry and politics must suffer seriously: for industrial questions are settled on irrelevant, that is, political grounds, and the character and temper and atmosphere of politics change for the worse.

The true method of decentralisation for industry is, perhaps, to copy what has been done, for example, in education. Each considerable locality has an education authority of its own, and though the legal powers of this authority are specific and limited, while it is supervised in part by the Board of Education, yet the initiative and the responsibility of the local authority are very real things. Its elective basis makes it an organ of public interest and opinion. As an arena of debate it educates its electorate in educational policy. It co-ordinates all local effort on the educational side, and it works in a certain favourable atmosphere which is jointly sustained by all the circumstances of its work. It is a fair comment on the facts to say that the just needs of centralisation cannot be seen until a democratic regional decentralisation has been set up.

But consider what is being done with industrial organisation. All sorts of Joint Industrial Councils are being set up. These are sectional bodies, as the general public is beginning to realise. Masters and men together have little hesitation in raising wages if they think that the burden can be passed on indefinitely to the consumer. Soon there will be acute demands for the elimination of this risk by the establishment of non-sectional bodies, such as the thoroughly representative Grand Industrial Councils suggested above, for important unit areas. And on the other hand many reformers are busy building the centralised agencies before the regional agencies have apparently been thought of. If the regional councils cannot be set up first they ought at least to be set up concurrently. Some industrial questions must be treated "nationally" because they are general. But the local and special questions are so numerous that the regional councils would always have enough to do. They would develop, of course, their own agencies of investigation, conciliation and arbitration, and they would handle cases without asking the leave of the Minister of Labour.

THE LIMITATION OF PROFITS.

AMONG the many vexed questions of the day, few are more difficult than that of the limitation of profits. Militant Labour claims that profits should be strictly limited, if not entirely done away with, and all sections of the community, smarting from the exactions of the profiteer, call vaguely for some remedy. The profits of the middleman are, at bottom, subject to much the same line of criticism as those of the actual manufacturing or so-called productive industry. If an indispensable service is rendered the community must pay the price at which the requisite amount and quality of that service will be forthcoming. But for our present purpose it will simplify the argument if we deal only with the profits made by industrial concerns in the ordinary course of manufacture and sale. We propose to consider briefly whether such profits can be limited without detriment to the industry and prosperity of the country, and if so, on what basis such limitation should be founded.

Profits generally can be divided into two parts: (1) the return to capital, and (2) the reward of efficiency in management and organisation. These may be combined in one ownership, as when the capitalist is himself the manager and organiser of his business; or they may be in quite different hands, as when the savings of the many are entrusted to the management of the few, the latter usually being partly remunerated by a share in the earnings of the capital they control.

As regards (1), interest on capital consists of two payments, one for the use of money, and the other for the risk taken by the lender. In our own country, before the war, when the interest on Government securities was round about three per cent., money could be obtained for sound industrial ventures at five per cent., the extra two per cent. being compensation for uncertainty of return and lesser security of capital. Now that the rate on Government loans has gone up to some six per cent., new capital will not be widely obtainable for industrial purposes at less than, say, eight per cent., and if the return on such capital is reduced below this figure, money will not be put into industry to any extent. No man invests money in industry, with all its risks and uncertainties, at the same return as on Government funds, with national security. Capital is essential to regular and remunerative employment. The most obvious

known method of ensuring that (from the point of view of production) it will be used to the best advantage, is to allow it to flow into those enterprises which can afford to pay the highest rate for it. This is true only if we assume that competition for capital is free, that the undertakings of the manufacturer are genuine, and that the legal responsibility of the borrower to his lenders is made as binding as is compatible with the taking of risks honourably and in good faith. A certain percentage of error would always be present, but the principle is correct. The reformer's work lies in securing by legislation those conditions of contract which shall ensure the just working of the principle.

Again, it is frequently asserted that, if the return on capital is limited in one country and not in another, funds will flow into the latter, thus reducing capital, and with it employment, in the country where limitation is in force. The exact extent to which this would actually happen is problematical—but it is a problem to be reckoned with and solved before being actually put to the test. Theoretically it is conceivable that under successful nationalisation an industry could set aside a part of the proceeds of the sale of its product to finance the necessary upkeep and expansion of the industry; but past experience has not been encouraging.

The second element in profits is the reward of efficiency in management and organisation. The importance of this factor is constantly belittled by those who claim to speak for Labour; but its value may be gauged by the fact that, given two concerns working under precisely similar external conditions, the one, well managed, may make as much as twenty to thirty per cent. more profit than the other, under inferior management. But these profits are not long maintained in a competitive industry. High profits attract newcomers and stimulate increased production. Prices go down and the economies of the best management are forced upon the other competing firms. In the long run the community benefits. "Excess Profits" cannot endure permanently, but they are the lodestar of progressive industry. It would be a grave error to restrict the profits of the pioneer firm and thus deprive it of the inducement to continue in its good ways.

The basis on which profits may be fairly calculated is a further difficulty in the way of any general scheme of limitation. The basis on which profits are usually paid is issued capital; but this frequently bears no relation whatever to the actual amount invested. Shares—particularly ordinary shares—often do not represent money at all. They are deeds entitling persons

to a share of profits in return for various services rendered to the firm ; tokens given to directors or managers, to staff or workpeople as a basis for a share of the profits. To fix a rate of profit all round, and allow it to be paid alike on such capital and on capital representing money actually invested, would be an obvious injustice.

On the other hand, in many concerns, especially private companies and partnerships, the nominal capital represents far less than the money actually invested. Such businesses are often started in a small way with little capital, and are extended year by year through profits being left in until the assets may greatly exceed the nominal capital. To base profits on the latter would mean ruin to many a flourishing concern employing considerable numbers of workers.

Then there are the many thousands of family and individual businesses which have no record of their capital at all, and very few records of any other kind. To investigate the financial position of every one would be a gigantic and expensive task ; yet it would be impossible to ignore them. If any class were exempted there would be an obvious temptation to transfer other classes into the favoured section, thereby placing a premium on chicanery and fraud.

It must also be remembered that many a man increases his profits by making the best possible use of a small capital, and by working long hours and exercising ingenuity and brains. Any limitation of profits on a capital basis would ignore all this ; yet it is frequently far more valuable to the community than capital itself.

It is true that it might be to the benefit of industry, and go far towards the elimination of fraud and injurious speculation, if it were possible to define capital in law, and compel all firms to adopt a standard method of publishing their returns in such a way that the exact earnings of *subscribed* capital, management, and so forth, would be clearly shown. The possibility of such a reform might be carefully investigated and undertaken experimentally to the great welfare of the community. Indeed, much labour of this kind must precede the artificial limitation of profits. The ground must be cleared of rank growth before the field is sown with grain, or the hoped-for harvest will never mature.

To base profits on capital is at present impracticable. The use of turnover as a basis presents almost equally serious drawbacks. You cannot standardise it as a percentage, and say that all businesses should pay, say, five per cent. on their turnover. This might be a perfectly fair rate in some classes

of goods; in others it would be utterly inadequate. The capital invested to obtain a turnover of £100,000 in some industries might be £500,000; in others it might be £1,000,000.

Again, if a business is to reap no advantage from any reductions in cost, which do not necessarily involve increased output, there will be no inducement to make such reductions, and one of the greatest factors in lowering prices goes by the board. Say a company is already earning the standard rate of five per cent. on its turnover, and can see a means of reducing cost so as to increase this to ten per cent. In the ordinary way it might give the consumer two and a half per cent., and retain two and a half per cent. as its own reward. But why should it trouble about the matter if it can retain nothing, but would, indeed, actually lessen its turnover (by lowering prices) and so reduce its retainable profits? A low profit on a big turnover is the most advantageous arrangement for the consumer.

A rate of profit based on a monetary turnover is a direct inducement to increase turnover by raising prices. If a firm is to get five per cent. equally on £100,000 or £120,000, it will surely aim at the latter figure, whenever competition is not keen enough to protect the consumer's interest. To base profits on a quantity, instead of a monetary, turnover is still more difficult. Even in the case of a simple commodity like coal, it has led to all sorts of inequalities. How could such a basis be fixed for works turning out dozens of varieties of goods differing widely in material, design, quality, and cost? In few cases do all the articles produced in any one works bear the same percentage of profit: it varies with the demand, the competition, advertising value, and many other circumstances. Many factories turn out some articles on which they realise no profit at all. Unless each line of goods is taken separately, injustice is unavoidable, as a change in the character of the general output might render the basis unworkable. To do this would involve the employment of an army of inspectors and accountants, to go into the respective quantities of particular goods, and decide what profit was to be allowed on each. The expense of such an undertaking would have to be borne by the industry, and the cost of production would rise.

An attempt to limit profits to a fixed ratio on cost presents exactly the same difficulties. The incentive to reduce cost is removed, and the necessary work of checking every figure in each firm's accounts gives rise to an absolutely impossible proposition.

If profits are limited, losses must be limited also. We are just realising the parallel of this fact in the world of labour.

Most firms have periods when they make good profits, and times when they make little or nothing, the circumstances determining the profit or the loss being outside their control. The firm tides over the bad period by calling on its reserve from the profits of better times. The workman, on the other hand, may have to face starvation, because he has no reserve. The necessity for earmarking some portion of the return to industry, to provide an adequate unemployment fund, is now fully acknowledged. Similarly, some part of "excess" profits would have to be left to form an insurance fund against possible losses, or industry would be disorganised with every fluctuation of the market. The cost of guaranteeing a minimum return to the coal and railway owners is fresh in our minds. Imagine this applied to every industry, in a period of bad trade, and think what the financial position of the country would be.

To sum up, in the present stage of economic development, the limitation of profits as a permanent policy is impracticable. To subject industry to such an experiment would be to endanger our very existence, because :—

- (1) It would tend to drive capital out of industry ;
- (2) It would tend to remove all stimulus to efficiency and progress ;
- (3) It would involve enormous Government costing and inspection staffs ;
- (4) It would be impossible to find a basis which would be fair to all.



VIEWS OF THE MINORITY PRESS.

THE establishment of a "General Staff" for Labour is not a new idea, but the experience of the recent railway strike has brought it into greater prominence in the pages of the Minority Press. The *Daily Herald* (October 9th) advocates it as a means of averting the "bloody revolution" which, they aver, is desired by the master-class, and which only "the statesmanship, the courage, and the solidarity of the working-class" can prevent. "We know well that there is a large element in the master-class of this country to-day which deliberately desires and intends to provoke a bloody revolution in order that the workers may be shot down like dogs and forced back into slavery by bayonets and machine-guns." The *Daily Herald* is confident, however, "that it need not, and must not, come to a bloody revolution." But if Labour is "to save the country in the teeth of the reactionaries," there must be unity. "And for practical and effective unity we need, immediately, central organisation." The outline of the scheme is given by Tom Quelch in the *Call* (October 16th). Mr. Quelch believes that there is need for a *Central* reorganisation of the Labour Movement—"A new body possessed of courage and audacity, fully conscious of the trend of events and the historical mission of the working-class, and able to give light and leading and Socialist purpose to the entire organised mass of workers, is the pressing and essential need. The function of this body should primarily be to unite the industrial, political, and co-operative movements in such a manner as will render the whole *mobile* and *militant* and responsive to the needs and aspirations of the rank and file.

"The working-class movement possesses organisation enough, power enough, to take over the country and run it in the interests of the whole people. All that is required is the *right* and *courageous use* of its organisation, numbers, and power.

"We conceive of a Central Authority which will act firstly as a *General Staff* for all the forces of Labour, and secondly as a *Shadow Government*; conducting the proletarian struggles of to-day and preparing for the dictatorship of the workers to-morrow. . . .

"Such a Central Authority, functioning as a Shadow Government, would prepare for the morrow of the Revolution—

when it would issue forth as *the Government*—by elaborating plans, carrying out investigations regarding the wealth and resources of the country, the ramifications of the high finance and big capitalism, and so on.” Among its many duties Mr. Quelch thinks “It would have to curb the sanguinary vengeance of the dark iconoclasts.”

Mr. Tom Quelch's views on the new nature and function of strikes are interesting, particularly when taken in conjunction with those of Mr. George Lansbury quoted elsewhere in this number of *INDUSTRIAL PEACE* (see “Direct Action and Democracy”). “Strikes of the future *must* be wide, big, and distinctly anti-capitalist-State strikes. The conditions of to-day determine that they must be so. The decision of any section of the workers to cease working immediately causes the concentration of the *whole of the massed* forces of capitalism as expressed in the Government, employers' associations, Press, and so on, against that section. Because of that all strikes will possess social-revolutionary possibilities. They will assume the proportions of civil war. They will be fought with increasing bitterness on either side, and, so long as either side is neither completely victorious nor completely defeated, they will but prelude other and deadlier conflicts.”

The *Daily Herald* (November 5th) draws “the inevitable parallel” between our own railway strike and the great miners' strike in America, displaying Machiavellian skill and ingenuity in keeping the balance between the strike as an industrial weapon and as an instrument in the political schemes of the Direct Actionists. The miners' strike in America, we are told, “is a strike for better wages and conditions. The issue is a purely trade union one. Nevertheless, it is described by those having authority as a ‘war’ against the community, as an ‘anarchist conspiracy.’ . . . In a capitalist community it must always be so. Capitalism will always grind the workers to the striking point. The workers strike in self-defence. The Government then describes the strikers as anarchist conspirators against the State. This description should, of course, be applied to the capitalist employers. But the Government represents and is kept in power by, not the community, but the capitalist employers. . . . And the real conflict is, and must always be, between Labour and Capitalism.”

In an article contributed to the *Worker* (October 18th), Mr. W. McLaine (teacher at the Labour College, Glasgow) gives a good example of the logic and ethics of the type of argument

adduced by him and his fellow-demagogues in their efforts to persuade their followers to adopt their doubtful policies. Mr. J. H. Thomas desired that there should be no hostility shown by the railwaymen towards those who remained at work during the strike. Mr. McLaine, however, believes in the doctrine of Hate. But being apparently a little ashamed, or at any rate embarrassed, that necessity should compel a preacher of universal brotherhood to express such contrary views in the open, he ingeniously contrives to make the "master-class" responsible for his shortcomings. During the war, he tells us, the Government adopted every device to make us hate the Germans. "They preached bitterness." Again, people inconvenienced by strikes "hate the workers who are taking action," and "the workers are always being invited to hate each other in preference to hating the other class. . . ." Now, "in time of war the man who goes over to the other side is—if caught—shot. The workers are at war. The other side is armed to the teeth, and is prepared to shoot down any number of workers 'to encourage the others.' Blacklegs from our own ranks cannot be tolerated. Let them be asked to join up and give proof of their good faith. If this is not forthcoming, then they must be prevented from doing harm on another occasion. . . . If there are members of our class who prefer to lick the boot that kicks them, we have no objection to them doing it so long as they are the only ones to be kicked; but if the kicks are to come our way as a result of their dirty work the position is changed."

As for the "volunteers," the "middle class loafers who suddenly decided to try their hand at working, our main work, of course, is to concentrate on the *class* issue, without troubling very much about the individual members of any class; but where these men are *known* and can be *got at* by the parsons, shopkeepers, caterers, public men or private persons, they should be made to feel not merely the contempt of the working-class, but their direct opposition. When we have industrial 'peace,' let us spend time and thought in perfecting and improving our weapons so that we may have them ready when they are required. . . . The class war is a bitter reality. . . . In war it is not the duty of one side to love the other, but to oppose it. When our enemies are made for us by our masters we may think otherwise, but when our masters are our open enemies we can learn the lessons they have taught. No forgiveness, therefore, no letting bygones be bygones. No forgetfulness."

Mr. W. Mellor, *Daily Herald* (October 31st), gives an account

in an interview with Mr. Tom Mann on the occasion of his appointment as General Secretary to the Amalgamated Society of Engineers "with its 35,000 members and its tremendous responsibilities." In reply to a query as to what end he thought the new amalgamation in the engineering industry should be turned, Mr. Mann is reported to have said: "The control of industry. I have stood in the past, and I stand now, for the linking up of the unions in the industry to which I belong so that they may acquire more and more control, and ultimately run the industry for the benefit of the community."

The relation of cause and effect in production and unemployment continues to be misunderstood or wilfully misinterpreted by the "socialist" propagandists. Mr. Tom Mann persists in feeding the belief that low production is a cure for, and not a cause of, unemployment. In the interview already quoted, he says: "Everybody knows my policy of unemployment. I believe the hours worked throughout an industry should bear some relationship to the amount of unemployment in that industry. There should be a maximum number of hours, under all circumstances, and this maximum should be reduced in proportion to the percentage of unemployment in the market." On the other hand, "all the war wages or percentages given throughout the last five years must be consolidated, and must form the new standard rate . . . our minimum demand must be that nothing that has been gained during the war shall be lost now that peace is supposed to have come."

Mr. William Stewart, a well-known I.L.P. propagandist in Scotland, writing in *Forward* (October 25th), contends that if production ought to be increased—an idea which he ridicules—"all the highbrows who never produce anything (and who) agree that what is wanted is more production should set the large numbers of unemployed to work." But, it is inferred, the whole thing is a trap to re-enslave the workers—"Do you think they (the unemployed workers) are going to wait until you are pleased to grant them a slave standard of life in return for their increased production? . . . If it is your policy, as in years gone by, to create a great unemployment crisis, and thus force down wages, then, beware the results! You will have tried that once too often. But at least be honest with yourselves and with the people. Stop talking about more production to people who have no work to do. Irony can be carried too far."



AN INDUSTRIAL CREED.*

I BELIEVE that the true interests of Capital and Labour are mutual; and that neither can attain the fullest measure of prosperity at the expense of the other, but only in association with the other.

I BELIEVE that the purpose of industry is as much to advance social well-being as material prosperity; that, in the pursuit of that purpose, the interests of the *Community* should be considered, the well-being of the *Wage-earners* guarded, *Management* recognised and *Capital* compensated.

I BELIEVE that every man and every woman has a right to live and is entitled to a fair wage, to reasonable hours of work under healthy conditions, to a decent home, to the opportunity to play, to study, to worship and to love, as well as to toil.

I BELIEVE that the responsibility rests upon Industry, upon Government and upon Society to see that these conditions and opportunities prevail.

I BELIEVE that diligence, initiative and efficiency, wherever found, should be encouraged and rewarded, and that indolence, indifference and restriction of production should be discountenanced.

I BELIEVE that the maintenance of Industrial Harmony is essential to Industrial Prosperity.

I BELIEVE that the most potent means of bringing about industrial harmony and prosperity is adequate representation of the parties concerned, each operating in their respective spheres to the general advantage of the whole, rather than to the exclusive benefit of any one section. Thus Labour is not entitled to dictate to Capital, Capital has no right to coerce Labour, and neither is justified in attempting to exploit the Community.

I BELIEVE that the application of right principles will produce right relations, and that only as the parties in Industry are animated by the spirit of fair play will fruitful co-operation take the place of destructive conflict.

I BELIEVE that that man renders the greatest social service who so co-operates in the organisation of Industry as to afford to the largest number the greatest opportunity of self-development and the enjoyment of those benefits which their united efforts add to the wealth of civilisation.

* Adapted from *Representation in Industry*, by John D. Rockefeller, Jr.

FOOD FOR THOUGHT.

WHEN man first had a mind to observe natural objects of simple form, such as lichens and crystals, at closer quarters than the naked eye could achieve, he found that a magnifying glass of low power showed him all that he wanted to see. But when he aspired to examine more minute organisations, such as the amoeba or the streptococcus, he had to invent the microscope; when he would bring the remoter stars within visual range he contrived the telescope, and so the conquest of nature has gone on, one mechanical aid after another being harnessed to the service of eye, hand and ear, until the capacity of these instruments has been enlarged beyond anything that the most ambitious scientist of a past generation could have believed possible.



Unfortunately these adventitious aids have come to the help of only the cruder organs of the human machine—and the master-organ, the brain—has still to make shift with its native equipment. As, year by year, our social and industrial problems are multiplied—as, month by month, their complexity is increased—the need for some new sense which would enable us to grasp greater conceptions, to think more clearly and to gain a deeper knowledge of what is essential grows ever more insistent.



We are aware that any talk of grey matter, brain waves and the like is suspiciously reminiscent of a certain type of literature which leads up to an advertisement of the little grey books, but Pelmanism is not our theme, nor for the moment are we concerned with the mental development of that infant prodigy, Colonel Malone, M.P. On the contrary we are quite in earnest and foresee a time coming when the human intellect, in the mass, will positively be incapable of grappling with the vast complexities of the problems which will confront us as a people. Not long ago it was possible for the average person to be moderately well-informed on the most urgent questions of the day, to the extent of being able to co-ordinate a sufficient number of cardinal facts for the practical purpose of arriving at a considered judgment on any subject that concerned us at all intimately. This is no longer the case. We have lost our

bearings and missed our landmarks in the fogs of misrepresentation. There are too many unknown factors. We grow uncertain and ask "What is truth?" It is hard to distinguish between right and wrong, between friend and foe. We are bewildered.



It may be that succour is at hand. Perchance Dr. Conan Doyle or Sir Oliver Lodge will come to our assistance with some supernatural stimulant from "The Beyond" that will clear our vision and solve our perplexities; but for the moment any assistance to be looked for from that quarter is of a somewhat speculative character, and can hardly be relied upon with any respect for prudence. Pending further developments, therefore, we have to do the best we can with what has already been vouchsafed to us—and time presses.



These excursions into the realms of the unknown and these cogitations as to what might be, though interesting enough in their way and as food for thought, are about as profitable as the study of aeronautics would be to a man who had fallen into the sea. His immediate business is to swim, and we, alas, are all in very similar plight. Doubtless improved methods of education will do something for future generations, but for present help in our time of trouble there seems little hope of anything better than a makeshift.



Is there any lifebelt within our reach? Will opportunism serve us? For a space, perhaps, but only at the cost of worse to come. We ought to do better than that. At least, we can face our task with resolution and get down to it. We can fight against the undercurrents which are carrying us out of our depth and make a sustained effort to resist the tendency to drift. On the one hand, we can eschew indolence, banish jealousy, abstain from self-seeking, cease from pettifoggery, and sacrifice even our dearest predilections when they hinder our advance towards efficiency. On the other hand, we can, one and all, make it our business to contribute something—time, thought, effort or money—to the common weal.



Many will say that a man's first duty is to mind his own business, and that by so doing his quota is discharged. This

is a comfortable doctrine that may have served moderately well in the past, but at a crisis like the present it falls short of even the minimum requirements of the situation. When the Military Service Act came into operation some men had the impertinence to ask the tribunal for exemption on the score that their private financial interests would suffer if they left home and took their place in the trenches, and a few went so far as to suggest, in extenuation of their plea for substituted service, that it was not to the national advantage that the State should forego the income tax that would accrue to the Exchequer if they were allowed to remain undisturbed at the more congenial task of money-making. The smug complacency of such men received a rude shock at the hands of public opinion—and richly did they deserve the rebuff; but history repeats itself—old prejudices in favour of the primrose path persist, and too many of us feel that we are entitled to a holiday.



Yet the present is no time for the slackening of effort. Society is in the throes of a great emergency, the very foundations of civilisation are threatened as they have not been for many generations. Poverty and unemployment can only be kept at bay, the forces of disorder can only be controlled, if all patriotic citizens co-operate intelligently in the task of husbanding the national resources, resisting the discordant elements, and stabilising the fabric of constitutional Government.



The difficulty is to know where to begin. The majority of people are willing enough to play their part if they are told what to do and given a definite lead, but in the main they are diffident because uninstructed, and so take refuge behind the easy-going assumption that everything will come right of its own accord. A multitude of counsellors solicit the attention of all and sundry, and this only adds to the prevailing uncertainty. The conclusion of the whole matter, however, is simple. Truth is the one solvent of all the difficulties that beset us, and knowledge of the truth can be acquired only by thinking the matter out for oneself. But thought must be based on facts, not on conjecture. It is clearly the business of the Government to lead the way by giving the facts generously and accurately. And it is the bounden duty of every good citizen, according to his ability and opportunity, to assimilate the truth for his own guidance and to spread it for the edification of others.

No. XXVIII

DECEMBER

MCMXIX

"This is a time for high taxation, rigid economy
and intensive production."

—*Sperling's Journal.*

THE
DECEMBER

THE DECEMBER
OF THE YEAR

INDUSTRIAL PEACE

CONTENTS

The Achievements of Organised Labour

Practical Economics—VIII.

Taxation of Capital—I.

Economy and Unemployment

The Majority Principle

Some Aspects of Nationalisation—I.

The Catholic Social Guild

Views of the Minority Press

Food for Thought



INDUSTRIAL PEACE

THE ACHIEVEMENTS OF ORGANISED LABOUR.

ONE of the convictions most deeply-seated in the subconscious mind of Labour is the belief that no improvement in the lot of the working man ever comes about save on his own initiative and through the agency of those organisations which champion his cause and fight his battles.

There is little enthusiasm for co-operation amongst Englishmen when the object aimed at is the cheapening of commodities or the accomplishment of some enterprise that offers a reward at the price of joint effort. Ask the inhabitants of a village to combine in running a poultry club and you will get a fine collection of excuses. Try and induce half-a-dozen neighbouring smallholders to carry out a drainage scheme that will improve their farming prospects, and you will learn something about the gentle art of obstruction. Endeavour to persuade the dwellers in a tenement house to agitate in common for the abatement of some admitted nuisance, and you will wish that you had never made the attempt. And so it is, not only in one locality, or amongst this or that class of people, but, seemingly, as a general rule which decrees that those who wish to abstain from co-operation always outnumber those who wish to adhere.

The pioneers of Trade Unionism had an uphill task ; a handful of enthusiasts is always to be found, but it requires more than a talent for proselytising, more than a genius for hard work, to convert a minority into a majority ; and Trade Unionism would never have become the power in the land that it is to-day had it not been for the shortsighted contrariness of those employers who consolidated the movement by attempting to suppress it, and who justified its existence by acting unfairly towards those who could not invoke its help.

There is said to be an exception to every rule, and in this matter of the Englishman's inherent distaste for joint action we find disinclination turned into zeal, lethargy translated into vigour, whenever the conviction that the strong are oppressing the weak takes hold of our people. It is the English habit to take the side of the under dog, and when that sort of sentiment coincides with the instinct for self-preservation, the latent faculty for resistance is galvanised into sudden and strenuous activity. This was the force which quickened the first develop-

ment of Trade Unionism, and this is the tradition that keeps it alive to-day.

But times change, and though human institutions are continually undergoing metamorphosis, the change is apt to be more gradual and we fall behind the times because the sense of remembrance is more tenacious than the sense of anticipation is vivid. New factors have come into operation, the right of the few to coerce the many is tolerated no longer, the weak have become strong, and the nation as a whole insists upon having its say in matters upon which it was once content to be silent. A new lesson has to be learnt, and it has begun to be recognised that, although the rule of the majority is preferable to the ascendancy of a minority, the latter, nevertheless, have its rights, and are entitled, as individuals, to as much consideration as those who belong to the more numerous section of the community. In other words, we have begun to realise that a well-ordered State must be based on mutualism and forbearance, not on antagonism and dominance. So long as organised Labour confines itself to withstanding exploitation it performs a notable public service; but directly it presumes to usurp the functions of Parliament it threatens to become a national danger.

The work that organised Labour set out to accomplish is already more than half done, and the strike, which was once the only means of ventilating legitimate grievances, is no longer indispensable. That weapon has served its warlike purpose, and now ought to be relegated to a museum for antiques, like blunderbusses and catapults. The ballot-box and the council chamber, if intelligently and comprehensively put to the best use, and if backed by well informed publicity, can be trusted to win for Labour everything that it has a right to demand, everything that industry can be forced to give. The professional agitator, brought up in the old school and accustomed to believe in the strike as the one resort both in attack and in defence, will not readily bring himself to learn new tricks; but he, like other reactionaries, must not be allowed to lock the wheels of progress, and public opinion must put an end to his mischievous activities.

The achievements of organised Labour in the past have been remarkable, and there is every reason to expect that they will be even greater in the future. But there is a danger that exaggeration of bygone successes and misinterpretation of the causes which made those achievements possible may hamper progress. It is important, therefore, that Labour should disabuse its mind of the deep-seated conviction which we referred

to in the opening sentence of this article. For, in reality, it is a cardinal error to attribute the general advance in the position of labour to the efficiency of the strike and a mistake to give exclusive credit for the improved standard of living to the activities of Trade Unionism.

Money wages have, no doubt, been raised by collective bargaining; and it must be admitted that the principle of collective bargaining would not have been recognised had it not been for the argument of the big stick: but real wages can be advanced only when increased production has provided a sufficiency of commodities. The factor which has made the largest contribution to the higher standard of living which now prevails is the general improvement that has taken place in machinery, organisation and transport. If organised Labour had had its own way, the introduction of modern machinery would have been vetoed, and without modern machinery foreign markets could neither have been captured nor retained, and there could have been no substantial advance in real wages.

Industry cannot stand still. If it does not progress, it is quickly overtaken and passed by foreign rivals, and stagnation soon leads to retrogression. If organised Labour confines its attention to forcing up money wages by frequent stoppages of work, and refuses to co-operate in bringing about progressive increases of production, it will only succeed in losing the substance for the shadow and penalise itself by limiting the potential wealth of the country. It is not always easy to take long views, but the general principles must be recognised and insisted upon—viz., that production is the necessary precursor of distribution, and that the more there is to divide the larger will be the individual shares. Organised Labour is now strong enough to ensure that it gets an increasing share of increased production, and this it can best attain, not by creating a maximum of friction, not by squandering its energies in pursuing that will-o'-the-wisp, the class war, not by following blind leaders who cannot wean themselves from traditional methods of obstruction; but by educating itself to understand the wider problems of industry and to take full advantage of the brilliant opportunities which fortune has placed within its reach.



PRACTICAL ECONOMICS—VIII.

Value and Price.

It would seem, *prima facie*, that the organisation of production was the main problem of the social economy ; that if we could successfully organise the division of labour so that all effort were productive of some useful service to the community, the "social riddle of the universe" would be virtually solved. And so, in fact, it would. But the ability to direct all effort in a vast and complex society towards socially and economically useful ends is contingent upon the use to which the effort is put. Effort becomes a service only when it is *exchanged*. The spinner, however industrious, must starve if no one consents to use his yarn and render him in exchange services adapted to his personal needs. In a small and not very highly organised community it is possible, and not altogether inconvenient, to barter one service for another, and to allow the needs and desires of the parties to the particular bargain to determine the relative values of the two things. In a modern State barter becomes impossible. The relative value of all exchangeable things must somehow be determined and expressed in terms common to all. A pound of butter is worth a pound of tea, or five pounds of sugar, or three quarts of milk, and so on. It would be highly inconvenient to calculate the exact value of a pound of butter in terms of the many commodities which the butter merchant might wish to have in exchange for his butter. The simpler plan is to express the exchange value of all things in terms of one commodity which is universally acceptable.

Money is used to Measure Value.

This universally acceptable medium we term money and we speak then not of the value of a commodity, but of its price, which is its exchange value in terms of money. Obviously money is no real part of a nation's wealth ; it plays the part of counters, indicating the extent to which we are individually entitled to claim goods from the community. Periodically we make our claims and hand the counters back to those who satisfy the debt. Money, from this point of view, is the least essential part of production and distribution. But the considerations which determine the relative values of different services are obviously of first importance in controlling both what shall be produced and how it shall be divided. And because all value is measured in terms of money the medium of exchange itself exerts a powerful influence on every aspect of the national life. While it is true that it facilitates the division

of labour and makes possible production on a large scale, it is equally true that the characteristic modern problems of unemployment and over-production, foreign markets and tariffs could hardly be imagined apart from our system of exchange.

What Determines Value.

The price of a commodity or service is its exchange value measured in terms of money ; price denotes the rate at which things will exchange. A theory of value is an explanation of these rates. There must be some definite reason why leather boots cost more than wooden clogs, why wool is more expensive than cotton and why a pound of butter is worth two and a half pounds of margarine. If we consider only the market price of goods at a given time, we should say that price was determined by the relation between the amount brought to the market and the demand for it. At a given price a given quantity will be sold. Lower the price and more will be sold. Raise it and there will be fewer purchasers, or their purchases will be smaller. Thus, if there is only a small quantity of a commodity, and a big demand, price will be high. Conversely, if there is an unlimited supply, the price will be low however great the demand. Price, then, at a given moment, appears to be determined by the relations of supply and demand. But if we consider the question over a longer period, it becomes evident that while a fruit grower may one year dispose of his apples at a penny a pound rather than have them left on his hands, although his expenses of production were a penny farthing a pound, he cannot continue trade on those lines indefinitely. If the market price for apples continues year after year at a penny a pound, the grower who finds that it cost him a penny farthing a pound to bring them to market will cease growing apples and turn to some other means of livelihood. In other words, the price of goods in the long run must be great enough to cover the cost of production. Further, while the relation between supply and demand at a given time influences the price of a commodity, the price in its turn influences supply and demand. If the price is high, newcomers are tempted to the industry ; more of the product is put on the market. But the larger quantity will not be sold at the high price. Demand at that price was already fully satisfied. At a lower price there will be a larger demand and the new supply will be absorbed. Roughly, it is true to say that price is determined by the interaction of the forces of supply and demand and of cost of production—all of which are variable factors. And price in its turn influences demand and supply.

Influence of Price on Nature of Goods Produced.

Under perfectly free competition—*i.e.*, supposing that there are no other forces at work to hamper or limit the action of supply and demand and the cost of production—we could assume from the above theory of value that price is a fair indicator both of the direction in which the nation should apply its energy to achieve the best satisfaction of its wants and of the division of the nation's aggregate of goods and services among those who have individually contributed to the store. But these ideal conditions never obtain: competition is never free and a variety of circumstances tend to obscure the clear issue. Chief amongst these is the modern use of money.

What Determines the Value of Money ?

The prosperity of a country and of the individuals in the country depends on the abundance of the things to be changed with other countries or among the individual members of the community. The price which will be paid for the goods—or, more simply expressed, the number of counters which will be used in effecting the exchange—depends on the proportion the total number of counters bears to the total volume of goods exchanged. If you have a thousand counters wherewith to effect the exchange of a thousand commodities of equal value, you will use one counter for each. If you double your counters you will use two in each transaction. Double the quantity of commodities and you will only be able to use half of one for each exchange effected. Expressed in its simplest form, the value of money varies inversely with its quantity. If you have a lot of money and few goods, prices are high—the value of money (*i.e.*, its purchasing power, or its exchange value measured in goods) is low. If you have little money and an abundance of goods, prices are low and the value of money is high. But because money represents to the individual the measure of his ability to enjoy the goods and services of the country, he has come to view the acquisition of money itself as the goal of his ambition. Perhaps the gravest anti-social error that arises here is the false inference that because much money brings prosperity to one, the possession of much money must bring prosperity to all. It is observed that the artisan lives very comfortably on five pounds a week, and forthwith assumed that if you give the casual labourer five pounds a week he, too, can live in the same comfort. It is never realised that if you pay everyone at the rate of £10 a week to-morrow the sum total of effort in the country will be the same as it is to-day, and that effort will not yet provide for all even the modest comforts enjoyed by the artisan.

(To be continued.)

TAXATION OF CAPITAL—I.

THE writer holds the view that a levy on wealth for the purpose of paying off a substantial proportion of the war debt is not merely desirable, but also, in the circumstances which may prevail in the near future, inevitable. It is not, however, his purpose in these articles to press that view, but rather to state the issues in as impartial a manner as he can, in order to show where, and why, differences of opinion emerge. Nor does he wish to deny that, while a levy might be desirable if it were practicable, the practicability of the scheme is a matter upon which only the Treasury can ultimately decide ; but if a measure of this character, which is both equitable and practicable, cannot be devised, it follows that the duty of the Government is to endeavour to prevent, as far as possible, the creation of those financial conditions which would seem to render such a levy unavoidable. The problem is as urgent as any, and more difficult than most of those which now confront the nation. No one who really faces its difficulties, and is fully aware of its complexities and of the issues which it raises, dogmatizes. There are objections which may be urged against any scheme which can be devised to enable the State to fulfil its obligations to creditors. At the same time it is necessary that the Government, having measured these difficulties, should act boldly and firmly. Worse than any comprehensive and definite measure is the absence of any such measure ; opportunism or vacillation in finance is the enemy most to be feared.

The subject may be approached by reference first to the points upon which all careful advocates and critics of a levy on wealth are in substantial agreement. In the first place it is clear that no manipulation of our finances will enable the nation as a whole to escape the economic burden of the war. We are shouldering that burden now. The total national income of goods and services is less, and for some years will remain less, than it would have been if the war had not occurred. The difference between the two represents that part of the total economic burden which was not borne during the actual period of conflict. The financial question is concerned with the distribution of that burden between different members of the community. Nevertheless, unwise finance may retard the economic recovery of the nation, and therefore add to the material cost which the community as a whole will be called upon to bear. And

it follows that the discussion of equity should not be restricted to the immediate effects of this or that policy upon the distribution of the financial burden between individuals or groups. Moreover, the measure should not be discussed in complete isolation, but with reference to those measures (for example, the restriction of house-rents) which were found necessary during war or may be necessary during the remainder of the transition period. In the piping days of peace we wasted much ink in discussing the equity of a small rise or fall in the income tax, or the duty on tea, and were frequently reminded that we should not concentrate attention upon one element of the system, but judge the system as a whole. Similarly, we should now regard the financial measures necessary to liquidate the debt, not as standing by themselves, but rather as complementary or integral to the general economic policy during and after the war, some parts of which are necessary to fill gaps left, or remove defects created, by other parts.

This leads to the consideration of the second point of agreement—namely, that a tax on war profits differs essentially from a levy which takes no account of the manner in which that wealth was acquired. During and as a result of the war a large number of people amassed considerable fortunes which were not justified "in equity," and it is held that these should be appropriated by the State, due allowance being made for special war savings from incomes not abnormally increased during war and for increases due to advancement in the normal course of events. Some who advocate such appropriation by the State object to a further levy on wealth in general; some, again, regard the former as impracticable, and pin their faith to the latter; others believe that the former should precede the latter, but that both should be imposed. It is likely that some of the third group may come to favour a capital levy which will differentiate between different fortunes according to the manner of their acquisition as well as their amount. In any discussion of the merits of a levy on wealth the two measures should be carefully distinguished. We are concerned mainly with a levy on wealth determined by amount rather than origin.

The third statement which will arouse no controversy is that it is desirable that the war debt should be paid off as soon as possible. The bulk was incurred during a period of abnormally high prices; in other words, the actual services rendered to the Government, judged by pre-war standards, were far less than the amounts involved would appear to imply. Services were expensive in terms of money; money was cheap in terms of service. If the reduction in the value of gold is to remain per-

manent—that is, if services are to remain expensive—no serious injury would be caused to taxpayers by spreading repayment over a long period of years. But if prices in general fall, and money thus becomes more valuable, there will be a proportionate increase in the real burden of the debt and the annual interest payments which it involves. It seems to be generally agreed that when shortage of goods gives place to plenty there will be a reduction of prices in general, and a corresponding reduction, if not the disappearance, of excess profits, though not necessarily any contraction in the volume of the currency. But the Currency Committee reported in favour of a return to the gold standard, a measure which would probably, if not inevitably, involve a shrinkage of currency and a consequent further and proportionate fall in general prices. If it be assumed that the process is spread over a period of years—say fifteen—the real burden of the war debt will be enormously greater at the end of that period than it is at present.

Moreover, the ability of the nation to bear the financial burden will be substantially diminished by the deflation of currency. Incomes of all categories (the sources of which are prices) will be measured in lower terms; the national money income will be reduced. The tax revenue will therefore suffer. The revenue from taxation at a given rate will, indeed, be reduced more than proportionately to the reduction of the total money income of the nation; for the reduction in the individual income, in a large proportion of cases, will bring it into a category within which the rate of taxation is lower than before. A gradual but continuous rise in the rate of taxation will therefore be necessary to preserve a constant revenue during the process of deflation. Nor can it be hoped that increased production will of itself remedy this state of affairs. It is obvious that an increase in production is necessary to enlarge the nation's income of goods and services and to raise the possible standard of living for the community. But the ability to bear a financial burden is determined by the money measure of such income; and this in turn depends not upon the mass of goods and services but upon the volume of currency in active circulation. The money income (and therefore the taxable capacity) of the nation was increased during the war, when the real income was reduced. The money income of Russia at the present time must be enormously greater than ever in the past, but the real income is probably far less than it has been for many years.

The distinction between money and real income is of the utmost significance. Those who regard a substantial levy on capital as inevitable lay stress upon this distinction, and argue

that the Government is in a dilemma. It may either retain the present enormously inflated currency, inflated prices (lower than present prices when plenty leads to the disappearance of excess profits, yet far above pre-war prices) and inflated incomes, thus securing a tax revenue sufficient to meet current expenses together with an adequate sinking fund ; or it may deflate the currency and face the consequences. If it adopts the first alternative it may experience considerable difficulty in international finance, and London will certainly lose its pre-eminence in the international money market. Moreover, in spite of its wishes, it may be driven in the end to the second alternative through sheer force of circumstances, determined by the policies of our industrial rivals and the danger of a severe financial crisis. If it voluntarily adopts the second alternative, the inevitable consequence of the corresponding fall in prices and money incomes will be a fall in tax revenue and the need for additional taxation. But there is a limit to the taxable capacity of the individual income, and if this is reached before the necessary revenue is obtained a levy on capital becomes inevitable. It may then be even more severe than it would be now, before the process of deflation has commenced, and *will* be so if share capital plus the value of real property, houses, etc., are of greater amount than secured stock.

It will be generally agreed that there is a limit to the taxable capacity of that individual income which is the result of direct personal effort. Nor is this limit so far distant as is commonly supposed. If an income of £100 per annum is taxed at the rate of, say, 5 per cent. and an income of £200 at the rate of, say, 6 per cent., the rate upon the second £100 of the larger income is 7 per cent. A man earning £1,000 per annum is already taxed at the rate of approximately 50 per cent. upon the last £100, and is therefore, strongly discouraged from further effort which might add another £100 to his income. Industrial workers have to be paid time and a quarter or more for overtime and week-end work ; people in receipt of relatively large incomes are paid a lower net rate for additional work of this character. It is in the national interest that the strain upon human nature should not prove too great. The taxation of earned incomes beyond a certain limit would seriously retard the economic recovery of the nation.

(To be continued.)

◆ ◆ ◆

ECONOMY AND UNEMPLOYMENT.

ECONOMY is a word more widely used than understood. To some the word suggests a policy of saving every possible penny, of going without all save the bare necessities of life. Others think it implies renunciation of all the little luxuries and pleasures that sweeten an otherwise dull routine. Others, again, think of it as applying mainly to expenditure outside their own particular needs—they economise by reducing the expenditure of others, or their own expenditure on others. Faced with an adverse balance sheet, they look around to see where expense can be cut down.

This is exactly what the Government did when the Prime Minister called so emphatically for economy within the State. And it is quite a good beginning ; but it is only a beginning—it is only the less important half of what true economy means. Economy is not saving, it is not cutting down expenditure. To economise is to make the best possible use of all one's resources.

The discontinuation of the unemployment allowance can only be justified as an economic measure in so far as it conforms to this latter idea. If the father of a family found himself unable to make both ends meet, we should not compliment him on his knowledge of the art of economy if he reduced his expenditure by cutting off the maintenance of the most helpless of his children. The case for cutting off the "dole," as presented by many of the speakers in the debate in the House, is, *prima facie*, analagous. The close inter-dependence of the members of such a State as our own has been again strongly brought home to us by the experience of the war. During that period men worked where and when they were called for. It is true that there was no industrial conscription, but men, more or less of necessity, shifted their occupations to conform to the needs of the time. There was work for all because the forces of the Empire called for more and more support. All were fed and clothed. All worked, and there was plenty for all. This state of things could not have continued ; it was, indeed, only possible because we had accumulated much wealth in former years. But one irrefutable fact emerged—there was no unemployment. Unemployment was seen clearly as the effect of a mal-adjustment of the forces of supply and demand ; as a problem of any magnitude it has nothing to do with the vices

and virtues of the individual. The worker is part of the huge social and industrial machine; when the whole thing is running smoothly the last worker is called for. If any parts are dislocated he is then thrown idle and *he cannot help himself*. Those are the broad facts. The unemployed are a just charge upon the nation. You cannot economise by disowning them. In the first place, as Sir Edward Carson pointed out, you are thereby creating bad blood which may cost you dearly at a later date, and, in the second place, you are probably destroying more wealth than you can save by such an expedient—you are enfeebling the physique of this and of the coming generation.

Lord Hugh Cecil, who made the only reasoned speech in defence of the Government proposal, took the narrow view. With him there was only room for one idea—reduction of expenditure—and he concluded his plea, reasoned entirely on those lines, by expressing the conviction that if the House were to hamper the Government in their effort to reduce expenditure far greater harm would be done than would result from a premature reduction of the unemployment benefit. But, as we have said already, reduction of expenditure is not economy. It may be, and often is, coincident with extravagance and waste.

The test by which the unemployment allowance should stand or fall is not its obvious or apparent effect on the national budget, but rather whether the money so disbursed is being well spent by the nation as a whole. Whether, that is to say, it can be fairly regarded as capital we are sinking in a labour reserve, which will more than repay the outlay by its power to increase the flow of wealth within the country when the machinery is once more able to absorb its effort, or whether such a distribution of wealth is producing idleness and the spirit of pauperism amongst a mass of people who turn a deaf ear to the insistent calls of employers who are ready and waiting for them.

Mr. Macquisten and Mr. G. Renwick took the view that the allowance was uneconomic because there is plenty of work for every man and woman who cares to have it. Therefore, from the side of demand, there is really no unemployment in the country. Mr. Macquisten instanced the unsatisfied demand for domestic help, and it is, no doubt, true that some of the 30,000 women involved are able to refuse the work as a result of the allowance. But the domestic service question is a very special one. The conditions are peculiarly distasteful to the modern worker, and the absence of organisation, or any standardisation of hours and duties, leaves the worker very gravely at the mercy of the individual employer, who is

frequently herself hard driven and not very conscious of the just claims of her subordinate. Small wonder that women are using the advantages conferred on them as workers by the part they played in the war to resist any return to conditions thoroughly distasteful, and forced on them by necessity alone. Mr. G. Renwick had himself just come from the docks, where, he stated, there was an unsatisfied demand for men to earn anything from £7 to £12 a week. Was he really persuaded that there were none among the 479,000 unemployed who cared to exchange the "dole" for work and £7 a week? There is bound to be malingering under any scheme that permits men to live without working, but much stronger instances than these must be adduced before we can justify, on such grounds, the withholding of the allowance in the name of economy.

Mr. Bonar Law's expressed reason for not continuing the allowance for a few more months was not the least provocative of the inadequate arguments brought forward. He feared that so long as the out-of-work donation was continued there would be increased difficulty in getting the workers to support a general scheme of unemployment insurance. What they could get for nothing they would not willingly subscribe for. But in the same speech he mentioned that though Sir Robert Horne had spent endless time in trying to prepare such a scheme it was not yet complete.

It may well be that actually the right course has been taken, but the motives given in the House were not the right ones. Consequently they did nothing to educate the public in the ethics and economics of good government, while the suddenness with which the action was suited to the word, the general acceptance of the principle that the individual must be sacrificed to the State, in peace as well as in war, and the censure passed on the unemployed, as a whole, will give a sense of bitterness and helpless anger to a class which must suffer hardship in any case, but not necessarily insult and abuse.



THE MAJORITY PRINCIPLE.

THERE was probably never a time in the history of human society when the majority could not have had its way. The majority has the greater force, and therefore the drift of events must tend on the whole to follow its views. The majority, like the poor—it *is*, indeed, the poor, in a sense—is always with us! But the general rule that majorities always prevail requires to be qualified. Thus no group of men in a society can make its view predominant, or even felt effectively, unless political machinery exists which it may use promptly to enforce its opinion, and unless it does use this machinery. If machinery, or enterprise in the use of it, is lacking, then the minority has its chance. Minorities have always availed themselves of the chances which the passivity or the indolence of majorities has given them. In almost all societies the majority of men are politically passive. The majority, which in a sense has the greater force on its side, in another sense is the permanent opposition. What its will may be is normally difficult to state. Often it is little more than obstinacy, or incredulity, or ignorance in specific matters. Sometimes its will aims at positive accomplishment, though even then sustained purpose or clear policy is often lacking. The paradox remains that the majority, which, in the common view of the majority principle, ought to rule, is more fitted by nature for a passive rôle than for active leadership, so that its rule approximates to inertia or to a power of veto.

During the nineteenth century the majority principle was asserted in a great many departments of activity, and long practice has won it an easy and unthinking acceptance. The majority idea has become so firmly rooted that its conditional character is in danger of being forgotten. Taken as an absolute maxim, this principle can be an instrument of mere obscurancy and tyranny. The view of the majority on any specific matter may be foolish or interested, whereas no view but the wise and just one can really serve the community. An error or a wrong is not the less blameworthy for having been decided on by quite a large surplus of votes. The majority principle is simply a political device. Its only merit is to promote good government, or to discourage bad government, and, in certain respects, to make it impossible. If this principle is examined in close connection with the political occasions when its use is least objectionable, its specific limitations will become clear. And

because the majority principle belongs to the general theory of government it is, of course, subject to other limitations of a general kind.

Now the essential element in Society, and therefore in Government, is tolerance. Government, an artificial invention, was made for man, and not man for government. By man is meant all the diverse classes and types that exist in any State. The fundamental motto of society must be "live and let live." Any attempt by a government, therefore, to suppress free differences, or to impose an arbitrary uniformity, whether in terms of minority or majority practice, is unsocial and inhumane. There is a difference, of course, in the enforcement of uniformity according to whether the view enforced is that of the majority or the minority. The former may be enforced more safely; a minority cannot give so much trouble by resisting. It is fairer thus, too, but only in a certain sense. If one party's view must be suppressed, then justice would seem to suggest that the minority should suffer. But this is a very equivocal justice, since it is not really desirable that any party's view or practice should be suppressed. If it is claimed that one or other of two contrasted views must be suppressed, the grounds of this claim must be scrutinised carefully.

It is worth while insisting that variety is one of the chief merits of communities. The concrete ground for social variety is the diversity of gifts and of personal bias among individuals. There is room in the complex scheme of a nation's work for the widest difference of type and capacity. The process of differentiation and specialisation is among the essentials of progress. Yet the results of this process constitute a problem in themselves. For differences attract attention and even stir up jealousies and opposition, so that if they are to emerge and continue—and without them no community can be comfortable or quite itself—it can only be by steady tolerance.

A community, therefore, must conserve its differences. But no community can live its life without politics and parliaments, and the actions of governments, as involving decisions in disputed matters, must always be suppressive of views and practices, whether in a general sense or only in specific connections. Here is the perennial problem of statecraft, the standing temptation of political parties and leaders. The parliamentary system is a way of solving controversies. The system has really no absolute merits. It is only useful or needful in the presence of urgent controversies that must be settled without delay in one way or the other. But the system, once it gets going, tends to attract questions to itself. The men and the

parties that manage politics acquire the habit of engineering decisions in favour of this view or that. A parliament or a government that has confidence in itself tends to magnify its office. Quite a moderate degree of urgency in a controversy will seem to it to justify a decisive intervention. There are many controversies and differences that ought to remain open for evermore. But it is hard to safeguard them against the ambition and the masterfulness that pervade politics. Government is a social function with an inherent tendency to excess.

The phenomena of war have emphasised this tendency. The atmosphere of crisis and the inflation of rights of decision to the detriment of freedom and tolerance have thrown a false glamour on political machinery and fostered exaggerated hopes of doing good by the resolute action of parliaments. In many quarters a desire is manifesting itself to bring questions unnecessarily to the arbitrament of the vote. A vote, in reality, is a last resort. It means that the parties have failed to find a basis of tolerance for their different views, and while this failure may be due to the circumstances of the case it may also be due to a bad spirit or an instinct of domination or a wrong theory. Now a belief in democracy is at the basis of the British system of government. And this system—the representative system—gives unequalled facilities for the taking of votes. The system makes it possible for men misled by instincts or theories to bring any and all questions to the arbitrament of the vote, in sheer cold blood and in defiance of the democratic spirit. All that the majority principle really means is that if things must come to a vote the majority must prevail. It certainly does not mean that any question may be brought arbitrarily to a vote in order that the majority may tyrannise. Yet at the present time this error is widely current, and even militant.

The war has occasioned a great awakening in England. This awakening has been most marked in the lower classes, in the patient and rather passive mass that is a substantial majority of the nation. The echoes of Victorian jubilation over the majority principle ring loudly in the ears of the awakening classes. "The majority is entitled to rule," is still the cry. And who are the majority? The masses can scarcely be blamed for thinking that it is themselves. And the Victorian principle is there to bless whatever view or venture the majority may be disposed to embrace. *Vox populi vox Dei* may be a serviceable motto in respect of some of the fundamental moral instincts and sentiments. But the voice of Revelation is powerful in proportion to its rarity, and to the rightness of its

choice of topics. The desires and the interests of one section of the community, both of them in conflict, perhaps with those of other sections, are scarcely to be regarded as Revelation.

The principle of majority rule is in truth only conditionally valid. The gratuitous suppression, by vote, of a minority view is an unqualified evil. Social justice requires that majorities should be very scrupulous in using their power. Far more important than the actual vote is the discussion that precedes it. Discussion, indeed, is the central and essential feature of representative institutions. Discussion gives the opportunity for insisting on all those fundamental conditions of social life which Government must respect. Prominent among these are fair play, tolerance, good-will and neighbourliness. And discussion is likely to gain at the expense of mere voting. After all, counting heads is a crude way of reaching a decision. A crude method suits the earlier stages of political development. The more developed a community is, the stronger the presumption that the main lines of its political life have been settled for good. It is usually about these main lines that controversy and conflict are keenest. Once the main lines and principles have been settled, there is less occasion for the heroics of party warfare, or the glory and profit of being in a majority. Henceforward the task of government becomes one of scientific organisation and co-ordination of a people's work and life, in so far only as the action of government is indispensable. It is often said that war has ushered in a new England. So it has in the pertinent sense that England has gained a clearer sense of her political make-up, her social instincts and aims and potentialities. This should mean that the country is more at one than before, and, despite surface phenomena of apathy and faction, it does mean this. The nation may well be on the threshold of a new political era, in which the majority principle will give place to more objective principles of social justice.

Yet in this transition time the Nemesis of an old part-truth broods ominously over the political scene. The majority has become politically conscious. Part a truth and part a lie, the majority principle flatters the fancies, the desires, the very hates of the "majority" with the semblance of political wisdom, and blesses and arms them with a spurious right. The position is dangerous. The cure lies in strengthening the open spirit of discussion and using all the avenues of information. Only by mutual explanation and understanding of the fullest and sincerest sort can the threatened tyranny of numbers be averted.

SOME ASPECTS OF NATIONALISATION—I.

THE recent agitations in the Labour world, and, particularly, the forthcoming campaign of the miners in favour of the nationalisation of the coal industry, raise once more, in an acute form, the questions of the relations of the State to industry in the future. Some of us favour the examination of each problem on its merits, on the assumption that the State should not interfere if it be at all possible to secure the desired end otherwise; and therefore, although we may agree that particular industries should be brought under public control for special reasons which do not apply to industries in general, we still call ourselves individualists. In other words, the alternative to Socialism is not the philosophical anarchism of a century ago, but an economic system which admits the necessity for some degree of control but at the same time emphasises the value of freedom of enterprise over a wide range of industrial activity.

But the most consistent advocates of the nationalisation of those industries which may be regarded as the foundation of the economic structure are the thorough-going Collectivists and Guild Socialists, to whom the present campaign represents but the initial stage in the larger campaign in favour of the Socialist State. It is, therefore, not inopportune to call attention to some of those implications of Socialism (be it guild or "bureaucratic" in form) which have hitherto received scant consideration. In days gone by the Socialist directed attention mainly to the inequalities in the distribution of the good things in life, and justified the economic transformation which he sought by reference to the distributive justice which the Socialist State would secure. It is true that some attention was devoted to the waste involved in the competitive system, and the classic example of milk distribution was frequently made to bear witness to the fact; but on the whole the Socialist appeared to be fairly content to show that State organisation would not impoverish the nation in any way.

During and since the war the need for output has grown so urgent that it has become necessary, if progress is to be made, to justify any scheme of reorganisation by reference to its probable effect upon industrial efficiency. Largely for this reason the main emphasis is laid upon the wastefulness and inefficiency of the pre-war industrial organisation, its inability to secure that volume of production necessary to provide an adequate standard

of living for the mass of the community, and its failure to produce that harmony between masters and men and that feeling of goodwill and service among workers generally which are the necessary conditions of efficiency. It is argued that nationalisation is an essential preliminary to the efficient organisation of production.

It has already been hinted that no one would now affirm that simple competition represents the last word in effective organisation. Already, in many highly standardised manufacturing industries, individual competition has retired before the advance of combination. Nor, in spite of manifold advantages, is the combination movement without its dangers, from which the State may be called upon to protect the community by some form of regulation. But in advocating universal nationalisation as the remedy the Socialist appears to regard the State as, in the main, consisting of that perfection of mechanical arrangement which would secure the desired result. In other words, he assumes precisely the result which he sets out to prove. The State is no better than the citizens of which it is composed : it may be worse if the organisation is such as to deny the opportunity of self-expression in economic affairs.

The point is one which requires emphasis, for it is difficult to conceive a Socialist State except as a State in which " industrial conscription " has taken the place of industrial freedom. The assumption is generally made that equality of opportunity would be enjoyed by all, resulting in the distribution of work according to capacity, if not desire. Nor is it necessary to deny such a beneficent intention on the part of the administration, which we may assume to be democratic in spirit as well as in form. The difficulty of translating the democratic ideal into actual practice remains, and appears almost insuperable. This difficulty is two-fold. First, those preparing for employment will need to enter those occupations in which there are vacancies, but which may not be those which offer the greatest attraction. Liberty of choice will inevitably be restricted. Closely connected with this is the fact that the present " money economy " will be replaced by a " power economy." Promotion will be determined by the verdict of the officers immediately superior to the candidates. Promotion will be either by seniority—a system which in practice tends, on the whole, to penalise rather than encourage initiative and enterprise—or by recognised merit. Merit would be more common than recognised merit. A younger man might rise to a higher platform more quickly than an older rival ; but, being dependent upon his superior for recognition of merit, he would rarely overtake the latter. The point is one

which will be appreciated by an ambitious University assistant lecturer, whose future is so largely in the hands of his professor. The freedom which the competitive system provides may not produce an ideal state of affairs, but it is at least an important factor to be placed upon the credit side of the system. In the last resort—to put the case in the worst possible terms—a skilled engineer who is dissatisfied with his job, and feels that he is being victimised, and that it would be futile (through co-operation among employers) to seek a similar post in another establishment, may become a grocer or a scavenger. A lecturer may become a school-teacher or inspector, or a tobacconist. In a collectivist State such a thing would not be easy. If the State recognised the right to work, the citizen would almost inevitably be compelled to accept the principle of compulsory work. Socialism, in abolishing industrial competition, would go a long way towards destroying personal competition.

As an illustration of the difficulty of establishing an ideal alternative to the existing system we may take the case where the State endeavours to meet the needs of a growing population by erecting a new plant, or opening a new mine in a district fairly remote from the large centres of population. Such cases would occur every day. How would the State find the requisite labour? All the employable population would be already employed, presumably under satisfactory conditions, in similar enterprises elsewhere, and would naturally enjoy vested human interests. Either they would need to be attracted to the new district by relatively high wages, as at present, or a sort of industrial press gang would be employed to select men for the job. In the former case serious wage anomalies would appear in the course of time; the latter would be a clear case of conscription! This is but an extreme example of a difficulty which would always be present—namely, the preservation of industrial liberty while securing, not necessarily the most efficient economic organisation, but any form of enduring organism. The curtailment of liberty on the part of the community as consumers is a subject which has been canvassed so frequently that it calls for but little comment. It is, however, noteworthy that the two real alternatives are rationing and “profiteering,” or charging what the market will bear. The latter would be unpopular: the former would provide no barometer for registering needs.

(To be continued.)

◆ ◆ ◆

THE CATHOLIC SOCIAL GUILD.

THE Catholic Social Guild is one of the many denominational social unions in this country, and it has a vast amount in common with these other organisations, both in aims and in methods of working. At the same time it is not exactly paralleled by any other denominational union. In its religious character, in its insistence upon religion as the essential basis of all true social welfare and upon social service as a religious duty binding on all believers, it may be compared with, to take an Anglican example, the Christian Social Union. But in its methods of working, and in the character of its membership, it more resembles the Workers' Educational Association. For the organised units of which the Catholic Social Guild is mainly composed are study clubs, with a membership composed chiefly of workingmen: weavers in Lancashire, miners in Durham, engineers on the Tyne, ironworkers in Middlesbrough, steelworkers in Sheffield, and so on. The Guild has its study clubs mainly in the great industrial centres of the North. These clubs differ from the W.E.A. tutorial classes in one important respect: they have no tutors. Sometimes there is a priest, or a layman, who acts as leader of the study circle, but in the social and economic subjects studied the leader generally knows little, if any, more than the other members, and he does not profess to be qualified to give tuition. This absence of tutors has had interesting results. It has forced the study clubs to evolve for themselves original but quite simple and effective methods of study, a description of which may be found in the C.S.G. Year Book for 1920, just published. The study clubs are not merely debating circles. They are groups of self-teaching students following specified text-books and gaining a scientific knowledge of such subjects as Economics, Eugenics, Socialism and Industrial History. It is claimed that the educational results attained by the best study clubs are equal to those obtained by the best tutorial classes of the W.E.A. This comparison is not made with any thought of rivalry, but to give some idea of the results achieved by the Catholic Social Guild.

The C.S.G. started some ten years ago, impelled in their work not by any concern for capitalistic interests, but by a genuine regard for the maintenance of a high ethical standard in the dealings between men of all classes. The Guild has been untiring in proclaiming the principle of the worker's right to a

living wage as formally taught by Pope Leo XIII. in his Encyclical on *The Condition of the Working Classes*--the classic statement of Catholic teaching on modern questions. The Guild has particularly combated the suicidal doctrine of class-war. "Social Peace Based on Justice," is the motto the Guild chose in commencing a great development campaign this year. It seeks to create and foster a "social sense" as opposed to the "class-consciousness" of the Marxians. As for a "programme," the Guild does not concern itself with the advocacy of particular concrete measures. Broadly speaking, its aim is to propagate principles and not concrete measures of reform. The work of the Guild is educational. It seeks to train its members by scientific study of the problems of society so that they may take an active part in practical reforming work; but it has no reform programme of its own.

The war necessarily delayed the development, and broke the continuity of the study clubs, but they picked up with remarkable rapidity after the Armistice. There are cases of men spontaneously forming study clubs and going through C.S.G. text books while they were in the trenches. This winter there promises to be a great revival and multiplication of study clubs all over the country. They will have the good wishes of all men of understanding and goodwill, for they are important forces making for social stability through the dissemination of sound social and Christian principles. Although it interfered very much with the study clubs the war did not materially affect the publishing activities of the Guild. One of its most successful publications was *A Christian Social Crusade*, now in its fifth edition, being a commentary upon the *Programme of Christian Social Reconstruction* issued by the Inter-denominational Conference of Social Service Unions, to which the Guild is affiliated. Most of the publications of the Guild, even the penny pamphlets, are of a solidly educational character, and have been extraordinarily popular, although neither ephemeral nor superficial. The Guild has met with appreciation on account of its publications wherever the English language is spoken, and it has quite recently received most cordial messages from Cardinal Gibbons and Cardinal O'Connell, Archbishop of Boston.

The Catholic Social Guild has done important and valuable work in the past ten years, but it is still in its infancy. At the present moment a great forward movement is in progress and we believe that it will establish its claim to be one of the most potent among national movements making for social peace based on justice.



VIEWS OF THE MINORITY PRESS.

THE *Call*, which is the official organ of the British Socialist Party, published on November 6th a Special Second Anniversary Number in commemoration of the Russian Socialist Republic. This issue included articles by Lenin, Robert Williams, John Maclean, and Mrs. Dora Montefiore. Mr. Robert Williams, the general secretary of the Transport Workers' Federation, who is also a member of the Executive of the Labour Party, here shows himself in his true colours. The following excerpts from his article, entitled "All Power to the Soviets," will perhaps help the public to realise better the type of mind with which they have to deal when next Mr. Robert Williams moves into national notoriety as one of the leaders of the projected general strike.

"When the history of the great European war comes to be written, and *when men's minds are freed from the cant and humbug of sterile nationalism and patriotism*, Lenin and Trotsky will be the great figures produced by the world crisis. . . ."

"The attempt of Yudenitch to take Petrograd was directed not by military considerations, but under instructions from his masters, the international financiers. . . ."

"Those of us who remain loyal to the traditions of international solidarity will be shortly compelled to make up our minds whether we are going to adhere to the puerile and incompetent 'Second International' (to which the Labour Party is affiliated) or whether we shall devote ourselves to the formation, growth and development of the 'Third International' (Bolshevik)."

"The active insurgent spirits in the British Labour Movement are preparing to take advantage of the imminent collapse of Capitalism and Landlordism; to supersede the present House of Commons by delegates and representatives from the mine, the factory and the workshop, more in touch with the productive classes than the Parliamentary puppets at Westminster. . . . *God speed the day when there shall be a notice 'To Let' outside Buckingham Palace.*"

"Long live the Proletarian Revolution! Long live the efforts of Lenin and Trotsky, and all power to the Soviets!"

In an article entitled "The Pit or the Republic," in the same issue, Mr. Tom Quelch writes:—"Through the smoke of the

conflict the giant figure of Proletarian Russia looms, torn and bleeding, but strong, defiant, heroic . . . the van to the establishment of the world's Socialist Republic. That fact imposes certain action on the workers of other countries. They *must* choose between the social pit—the pit of wage-slavery—and the Socialist Republic . . . we are confident that the workers will not choose the pit. They will follow in the wake of their Russian comrades."

John Maclean is of the opinion that, "American Labour is menacing too, and will move faster than British Labour because of the lack of troublous traditions and because of the dam up forced by Gompers and his American Federation of Labour . . . the driving force everywhere is the spirit aroused by Russia. . . . Bonar Law's refusal to discuss the secret organisation of the Citizen Guard (Britain's Black Guard) is evidence of the fact that the blunderers here are beginning to tremble at the Bolshevik spirit that has spread like wildfire since the N.U.R. defeated the Government of all the Capitalist virtues."

Discussing the question, "Is Capitalism Collapsing?" (The *Call*, November 18th), the same writer terminates a reasoned article, which shows some study, with the conclusion—"View it as I may, I cannot see the possibility of a financial collapse automatically arising out of the contradictions of the capitalist process of production. The great contradiction is the opposition of classes leading to the collapse of the system through the mighty, resounding blows of a world-united Labour. On with the Class War."

The *Call* of November 20th reproduces an appeal by the Bolsheviks, signed by Lenin and Tchicherine, to British and American soldiers to desert. The appeal concludes:—"You have arms. You know how to use them. Will you, like slaves, use them in defence of your masters, or will you use them to help your class to be free?"

The *Call* of November 27th has a characteristically violent article denunciatory of the German Social Democrats. It describes Germany as "the blackest spot in Europe to-day." "German revolution has been a miscarriage." According to the *Call*, this is "a failure deeply rooted in opportunism and fostered by the writings of such authoritative exponents of Socialism as Kautsky. . . . Unfortunately, the other Left Party, the Communists, have also failed to offer the masses a substantial alternative to the *Socialism of Treachery* instilled in both."

Nor do the Belgian Socialists find any tenderer treatment at the hands of their B.S.P. comrades. "The victory of

Vandervelde is to be viewed as a victory of Belgian Capitalism and of Allied Imperialism, *whose faithful servant he remains*. . . . To plunder abroad, the workers must be pacified at home. Here is a task for such a practical go-between as Vandervelde. Open class struggle is dangerous—to capitalism; so he sings of social peace. To demand the *undivided rule* of the workers is revolutionary, so he chants the praises of coalition governments. Coalition governments are the lightning conductors of tottering capitalist nations. The Social patriots may delay, they cannot avert, the ultimate dictatorship of the proletariat."

The French Socialist Party comes in for similar denunciation—"The election has a clear moral for the French Socialists, the complete purging of the Party of all *social-patriot traitors*, secession from the Second International, militant class-struggle against French Imperialism and its counter-revolutionary aims, vigorous defence and popularisation of the Russian Communist regime and affiliation to the Third International." It is only in Italy that the official organ of the B.S.P. finds a crumb of comfort. "In Italy," it writes, "our comrades are reaping the fruits of their magnificent fidelity to proletarian International Communism, the dictatorship of the proletariat, the complete overthrow of Capitalism—this was the issue placed before the electorate by the Party. In France the capitalist parties made Bolshevism the issue, and the French Socialist Party paid for its timidity and vacillation. In Italy the Communism Party made Bolshevism the issue, and secured a sweeping victory. The Third International has justified itself. Its prestige grows. The militant workers flock to its banners."

The Paris *Populaire* has recently printed a call to organised workers to form a Red Guard in defence of revolutionary Socialist, Syndicalist, Libertarian or Communist ideas, for the purpose of resisting the agents of financial Capitalism.

Mr. Ramsay Macdonald writes in *Forward* (November 1st) that "a Parliamentary (Labour) Party composed of 'intellectuals' exclusively, would be a failure and an anachronism; one composed of Trade Union officials only could have a tolerated existence . . . the greatest misfortune which could befall our movement would be if it gained the position of commanding Parliamentary authority, and, on account of the way in which its candidates had been chosen, was unable to use it."

In *Forward* of November 22nd there is a report of a lecture delivered by Mr. W. Mellor, the Industrial Editor of the *Daily Herald*, on "Self-Government in Industry," at the Central Halls, Glasgow. The speaker stated that the workers "must

build up democratic machinery capable of transplanting industry from the capitalist regime." He contended that "the shifting of economic power must begin where power rests—in the workshop. The new organisation must follow the product, not the processes. In an industry it should be sufficient: (1) to stop production all over, and (2) to carry on the industry after a successful attack. It was no use to continue directing it to the raising of wages and the betterment of conditions of employment—the objective must lie outside the system. The democratic principle of organisation was to direct—the immediate superior to be appointed by those of whom he was in charge—experts at least to be controlled. Ownership should be vested in the community, taken by some geographical unit. But the industry should be run by an industrial union, without interference in the running of it by those who use the commodity. There was bound to be a duality, though not necessarily a conflict of interests. Here the scheme differed fundamentally from ordinary Socialism. From Industrial Unionism it differed in recognising the need for the freedom of the human spirit working upon economic conditions."

The *Daily Herald* (December 1st) ascribes Lady Astor's success at Plymouth to her well-known benevolence to the poor—"The Labour Movement will always have this kind of difficulty to fight. The creation of Health Centres, Clubs, even of industrial undertakings established by rich people, must compel a certain admiration from the unthinking, especially as, in the case of many of these people, it is sheer good nature which makes them spend money in this way, coupled with a firm belief that God made some people rich and others poor. . . . When the rich and the poor realise that the poor are poor because they are robbed, and robbed because they are poor, we shall not need the charity of anybody."

Premium Bonds are the subject of a leader in the same paper in its issue for November 24th. The *Daily Herald* fails to sympathise with those who deprecate gambling in Premium Bonds, and "would like to draw the attention of the protesters to a fact which may have escaped their attention—the fact of the Capitalist system. . . . The whole principle of Capitalist society is to 'make' money without earning it. . . . The objection to Premium Bonds is, however, overwhelming. It is an economic objection. It is the objection to finance by loan *as such*. There is plenty of wealth in the country. All that is wrong with it is its distribution."



FOOD FOR THOUGHT.

THE *Labour Gazette* for November publishes the following extract from the Unemployment Registers of the Labour Exchanges :

November 7.		Number on Register.		Vacancies Unfilled.
Men	478,638	..	28,796
Women	85,498	..	42,884

There is a significant and valuable lesson to be gained from a comparison of the two columns of figures. Either there is really no work available for some 450,000 men, or the employers throughout the country do not register their needs at the Employment Exchanges. Many employers do, in fact, fight shy of the Exchanges. Their complaint is that the right sort of man is never sent them from that quarter.



But there is a difference between the Employment Bureau as we knew it before the war and as it now is, and the reason is that men of an entirely different stamp are passing through the Exchanges almost as a necessary part of the routine of demobilisation. Whatever may have been his experience in the past, it is now the duty of every employer wanting labour of any kind whatsoever (excluding, perhaps, the skilled union groups) to register his demand at the Labour Exchange. That is the right step for him to take in discharging his share of responsibility for the unemployed. If this were conscientiously carried out we should have moved towards some solution of the problem. If the exact volume and nature of the demand for labour could be compared with the total supply of unemployed labour, we should know whether it was fair to say that no real unemployment existed because, as Mr. G. Renwick stated in the House of Commons, there was plenty of work for every man and woman who wanted it. If it were found that there is actually a demand commensurate with the supply, but of a different nature, we should know that there is, in spite of the apparent scarcity of labour, still a group of genuine unemployed who, nevertheless, could be made employable if trained and adapted to meet existing demands.



The National Union of Dock Workers in Liverpool has just issued a new regulation with a view to limiting the supply

of labour, which, it states, is in excess of demand at the docks. The dockers will refuse to work with non-unionists and, with the exception of dockers' sons and ex-soldiers who were dockers before the war, all newcomers must pay a union entrance fee of £5.



Arithmetic is never a strong point with the *Daily Herald*, and the following example of propaganda by the statistical method exhibits the danger of quoting figures when you don't want the fallacy of your argument to be found out. We quote from an article—"A Modern Song of the Shirt"—in the *Daily Herald* of November 18th:

"It was a sorry hovel, where the woman who toiled got ninepence for seaming a dozen shirts. She had to pay 7½d. for the cotton, which ran out before the completion of the ninth shirt. . . . The rate of payment was so low that to earn 30 shillings a week she had to make forty dozen shirts."

Now if nine shirts used up one reel of cotton, twelve shirts would use up one reel and a third—which would cost 7½d. + 2½d. = 10d. But the woman only received 9d. per dozen. Therefore on forty dozen she would not make thirty shillings a week, but lose 3s. 4d.

It is a painful truth that women workers in "shirtland" have to work desperately hard to make a miserable living—but reform will not be hastened by those twin favourites of the *Daily Herald*—*suppressio veri* and *suggestio falsi*.



We do not profess to be able to unravel the skein of misrepresentation in which the *Daily Herald* has got itself enmeshed, but since forty ninepences represent thirty shillings, it is obvious either that the sum of ninepence per dozen is a net payment, or that the poor woman could not earn thirty shillings for sewing forty dozen shirts. If the payment is a net one, the price of cotton does not come into the question at all, and its inclusion vitiates the whole argument.



We understand that a special committee of the Profiteering Committee is now sitting for the purpose of investigating the price of sewing cotton, and we shall be better able to form a fair opinion on this very thorny subject when the report of that committee is published. Meanwhile, however, it may be pointed out that the common assumption that the price of the pre-war reel has risen from 2d. to 7½d., or 275 per cent., is a delusion. The facts are that the 7½d. charged to-day is for a reel of 400 yards as compared with that of 200 yards, which

was sold in the shops before the war for 2d. The rise in the retail price of sewing cotton during the last five years is actually between 125 and 150 per cent.—which is approximately the increase in price of most commodities.



At the recent annual conference of the National Sailors' and Firemen's Union held recently, Mr. J. Havelock Wilson, M.P., received a remarkable ovation. This tribute of affection paid by the seamen to their popular president is not a matter for surprise, but the interesting question arises—why is it that one particular section of working class opinion should support a man whose policy differs so widely from that advocated by other popular leaders? There cannot be any inherent difference in the aspirations or in the interests of the merchant seamen and, for example, the transport workers, yet the former will follow Mr. Havelock Wilson and the latter Mr. Robert Williams—two men whose points of view are as wide as the poles asunder.



The probable explanation of this paradox is that human nature pins its faith on the man rather than on the cause. If this is so it follows that personality is more effectual than policy and that working class opinion does not originate from amongst the rank and file, as is often asserted, but is dictated by a comparatively small number of individuals at the top. It also follows that the speediest method of converting large bodies of men to the realisation of some new point of view is to concentrate on the mentality of their leaders, and not to waste time in haranguing crowds.



In his message to the First National Convention of the No-Conscription Fellowship (which opened on November 29th), Mr. Bernard Shaw suggested that we should judge our actions and conduct by the aid of the Kantian text—"Would it be well for the world if everyone did as I am doing?"

But familiarity with excellent precepts does not, unfortunately, guarantee the will to understand and apply them correctly. In a speech on December 2nd on behalf of the Labour candidate for the St. Alban's Division, Mr. Shaw gave his audience his interpretation of the lesson to be learnt from the last railway strike, which he regarded as a triumph of organisation. In his view, having these organisations of railway workers, transport workers, and the rest of them, meant that if Parliament did not carry out the will of the people, they could and must resort to direct action and take the thing in their own hands. That was the thing before them.

Ever since the railway strike the *Daily Herald* has repeatedly canvassed its readers for subscriptions to enable it to publish on a much larger scale than heretofore. In the issue for December 1st an interesting development is foreshadowed in a statement purporting to define the Trade Union attitude towards the future of the paper. A "*Daily Herald* Trade Union Committee" (Messrs. Arthur Henderson, Frank Hodges, W. C. Robinson, J. H. Thomas, Ben Turner, Ernest Bevin) has been formed at the request of "an informal Conference of Trade Union officials to act as a Provisional Committee to assist the *Daily Herald*." The gist of the statement is that it is proposed to comply with the desire of the Directors of the *Daily Herald* (George Lansbury, Robert Williams and Francis Meynell) "that the Labour Movement shall make itself jointly responsible, financially and managerially, for the existing paper." The Executives of the various Unions are, therefore urged to take up debenture stock under the proposed scheme, to the extent of £400,000. The stock will be issued at five per cent. interest, guaranteed for five years, and it is pointed out that if Trade Union Executives representing 8,000,000 members subscribe annually for three years the required sum would be reached.

◆ ◆ ◆

A memorandum from the present directors gives the average net daily sales from September 29th to December 1st, 1919, as 290,595 copies, and whilst admitting that they can offer no gilt-edged security, points out that "the trade union movement itself is the best security that can be given for the money. The trade unions have it in their power, through the organisation of their vast membership, to make secure the property which they are now asked to finance."

◆ ◆ ◆

It is worth noting that in spite of its anti-capitalist principles, and its deep aversion to robbing the worker of his "surplus labour" in order to provide profits and interest, the directors of the *Daily Herald* do in their heart of hearts recognise that there is no enterprise without security, and that not even the worker will forego the pleasure of spending unless he be rewarded for the abstinence his loan imposes, and for the service it renders to the borrower.

◆ ◆ ◆

Writing on the "False Cry of Ruin," Sir Leo Money argues that there is nothing to be alarmed at in the "swollen state of our national expenditure," and concludes that "the talk of ruin is merely ludicrous." What are the facts?

1. We have a debt of eight thousand millions as against six hundred millions before the war—that is to say, every man, woman and child in this country is in debt to the extent, on the average, of £177, as compared with £18 five years ago.

2. This debt is increasing daily, and must continue to increase until our expenditure is brought down to the level of our income.

3. The cost of running the country in 1913 was about two hundred millions a year. It is now calculated by the Chancellor that when normal conditions are re-established our expenditure will be eight hundred millions per annum.

So much for the facts. Now for Sir Leo Money's argument in support of his statement. He asks us to console ourselves with the reflection that we should be a great deal worse off if the war had still been in progress and costing nine millions a day. He calculates, therefore, that as we are saving that amount of money every day we have no need to worry about our finance. This line of argument is too silly for words. Molière, Thackeray, Dickens and many other popular writers have ridiculed the type of mind that indulges in this form of speculation. Young Mr. Jarndyce, for example, always counted his little self-denials in extravagance as positive gains, and so did Arthur Pendennis. But the classic example is that of the little boy who told his mother that pins had saved thousands of lives—"through people not swallowin' 'em."



A movement which merits some attention is the so-called "Catholic Crusade" which is being organised by the Rev. Conrad Noel, of the Established Church. Mr. Noel was, we believe, formerly the secretary of the Church Socialist League, and was associated for some years in that organisation with Mr. George Lansbury. He has now "broken out" in a movement which finds expression in what he describes as "Sixpenny Sermons" which are delivered at Chandos Hall (the headquarters of the B.S.P.) on Tuesday evenings. On Tuesday, December 2nd, he preached on "Why the Catholic Crusade welcomes the Irish Republic," and on December 16th, "Why the Catholic Crusade demands an English Revolution." This movement inside the Established Church, in association more or less direct with the British Bolshevik organisation, may be followed with interest, as, unlike so many of the younger Christian Socialist clergy, Mr. Noel is a man of marked intellectual capacity and considerable political acumen.



No. XXIX

JANUARY

MCMXX

The foundations of Society are challenged.

ORIGINAL

INDUSTRIAL PEACE

CONTENTS

Prosperity and the Growth of Capital

The Case for Direct Action

Look before you Leap

Taxation of Capital—II

Constructive Measures

Adult Education and the Labour College

Views of the Minority Press

Food for Thought



INDUSTRIAL PEACE

PROSPERITY AND THE GROWTH OF CAPITAL.

"WILLIAM SHAW, sober, laborious and faithful, maintained a wife and family on two shillings a week for forty years. Died 1726." So runs the legend on a Northern tombstone. Such biographies are as rare as they are incomplete. They leave us pondering many questions. Was William Shaw a shepherd in the bleak moorland country in which he lived, and were there perchance any perquisites belonging to his trade? Did he pay rent for his cottage? Was he the sole breadwinner of his family? How large a family did he maintain? The tombstone is silent.

This man's record was thought worthy of comment; therefore we may take it that it was not typical. Yet, as we consider the statements of those who think that only the rich have benefited by recent increases in wealth and the modern organisation of industry, his brief history may send us groping into the past that we may compare it with the present. He lived in the days of the fixing of maximum wages by Justices of the Peace, and no doubt the commendation bestowed on his life was intended as a reproof to any who might express discontent at the rates determined "upon conference with discreet and grave men." In 1725 the justices of the County Palatine of Lancaster decided on a scale of maximum wages varying from ninepence a day for an ordinary sort of husbandry labourer in the winter, to 1/3d. for a mower of hay. A master tailor might earn as much as a shilling a day, a master workman with others working under him 1/2d. If meat and drink were given, the wage was reduced by fourpence, fivepence, or sixpence a day. This last fact shows that food, of a kind, was cheap. Yet wheat cost 42/8d. the quarter in 1725, the average price throughout the first half of the eighteenth century being 37/7½d. We have known wheat to be cheaper than this in our own day, indeed until after the outbreak of war it had not been as high since 1883. Meat and dairy produce were comparatively cheap. When population was sparse and little of the land enclosed, numbers of cattle were allowed to wander about large areas to find what food they might at

little cost and trouble. On the other hand clothing was dear, and many goods now in common use were unknown, or looked on as supreme luxuries. Conditions were evil. Amenities in the way of good roads, good water supply, street-lighting, decent sanitation, care of the sick, belonged to the future. Violent crime was unchecked by violent penalties. Numbers of children were left to die in the London streets, a spectacle which so horrified John Coram that he established a hospital for foundlings.

Arthur Young, writing in the third quarter of the eighteenth century, paints a less unpleasing picture. With a fall in the price of many important goods, including wheat, and a rise in money wages, the agricultural labourer was better off than he had been. His weekly wage varied from 4/6d. to 10/6d. in different parts of the country. Bread cost from a penny to twopence a pound (a price common in the early part of the twentieth century). Meat was generally threepence or fourpence, though in some districts it was as little as twopence. Butter was about sixpence half-penny, cheese from twopence to fourpence. Potatoes, little known in earlier years, had become a fairly common crop. Rents ranged from one to two pounds a year and the cost of firing was reckoned at much the same rates. Still, the margin left between wages and expenditure on bare necessities is narrow, and Young assumes that in order to get a decent living many members of the family should work. He also mentions casually in his notes on Leeds that a boy of six could earn a penny a day in the mills. Things were not so bad as they had been and, since the standard of comparison must needs be the past rather than the unseen future, he could see little wrong in conditions that would depress a modern tourist.

Details such as those quoted above show that a considerable proportion of the population lived near the margin of subsistence in the eighteenth century as well as in the nineteenth. Neither the industrial revolution nor modern methods of production can rightly be held responsible for the fact. But we need not rely on details in this matter. The strongest proof lies in the growth of the population of the old world once it had embarked on large scale production. Before the Industrial Revolution population grew slowly, afterwards with amazing rapidity. And as it grew the means of support increased, and that with a rise rather than a fall in the standard of living. It would appear, from such estimates as exist, that the population of

England and Wales increased up to 1750 by about 15 per cent in the course of a century. During the nineteenth century it increased by 265 per cent. In 1801 the population was less than nine million, in 1901 it was more than thirty-two millions. Before the Industrial Revolution this country could not support a vast population; since the revolution it has been able to do so by exchanging the products of its great industries for the food supplies of other lands.

Any ultimate gain to the masses of the people was however invisible in the social upheaval of the end of the eighteenth and the beginning of the nineteenth centuries. Many of the poorer members of the community lost employment through the over-sudden introduction of machinery, were so impoverished by the enclosure of agricultural land, or suffered so much from the high prices of the Napoleonic wars, that their misery was greatly aggravated. Professor Vinogradoff points out that the growth of population in those days was largely due to the recklessness of men who had lost much and of women who had lost their ordinary occupations, and to the evil housing conditions of the beginnings of industrial cities. It was left for later decades to show that the increased number of people could be maintained at a higher level of comfort than had been possible before the revolution.

Dazed politicians, their thoughts occupied by continental events, lacked wits and time with which to build up any system of social legislation which should keep pace with the growth, the shifting, and the aggregations of population. Parliament was not prepared with any schemes to prevent the overcrowding of industrial cities; or, to use two of Cobbett's expressions: "The Collective Wisdom" could not cope with the "Wens." We emerged slowly. Misery did not altogether vanish, but it became articulate. There were still people living at the bare subsistence level, but they were a smaller proportion of the population. With increasing contact, collective knowledge and collective action became possible. Large-scale production, helped by modern transport facilities to reach a large-scale market, brought economies which benefited, as time went on, every section of the community. Communication grew swift for all; goods, unknown before, became articles of common use; social legislation slowly improved; some of the worst city areas were gradually cleared; some of the new wealth of the community was devoted to securing a modicum of education for every child.

The birth throes of the new system had been terrible, but in time that system brought wide-spread benefits.

Those who gird at the capitalist and capitalism are forced to admit the benefits of the system, and cannot deny that with its help, or in spite of it, poor as well as rich have gained by the industrial revolution. Notwithstanding the unequal distribution of wealth, invention and the continual accumulation and expert use of capital have brought in their wake advantages by no means confined to the few who have much. Social conditions as depicted by Booth, and later by Rowntree, Bowley and others, show that there is much to be lamented, but the improvement, scarcely perceptible if watched from year to year, is notable enough to those who look far back into the past.

This improvement, such as it was, depended on invention and the accumulation of capital; not necessarily on the private ownership of capital. How far invention and accumulation depend on private ownership it is difficult to say. Some hold that since they have grown together so far it is evident that they cannot grow separately; others maintain that invention owes little or nothing to private ownership and that both it and the accumulation of capital could be more effectively developed under some other system. With the still smouldering wreckage of a great conflagration behind us; with the vast populations of Europe in dire need because of the break-up of the old economic system on which they depended; with a new order of thought among all classes of people at home, we seek in vain for guidance from the past.

Mr. Keynes, in the second chapter of his book on "The Economic Consequences of the Peace," vividly indicates the problem of the capitalistic system to-day. Sketching first the swift growth of population in Europe during the last century, he passes to some account of the marvellous organisation by which it was sustained with its "vast mechanism of transport, coal distribution and foreign trade which made possible an industrial order of life in the dense urban centres of new population." Then he shows how "Europe was so organised socially and economically as to secure the maximum accumulation of capital. While there was some continuous improvement in the daily conditions of life of the mass of the population, Society was so framed as to throw a great part of the increased income into the control of the class least likely to consume it. The new rich of the nineteenth century were not brought up to

large expenditure, and preferred the power which investment gave them to the pleasure of immediate consumption." The whole mechanism is delicate. Much has been broken, hence the condition of Europe. In England there are signs that consumption is replacing accumulation, and that not only among those who have been accustomed to consume their whole income. The capitalistic system did not do badly for mankind in the old days because of the saving habits of the capitalists. If they change those habits things will be very different, some new system may be essential. Continuous improvement depends upon continuous saving. Capital must grow if we are ever to see the whole population, not only of this country but of the world, raised above the level of subsistence, good housing, good wages, short hours, can only be achieved by its growth. How is it to be secured?



THE CASE FOR DIRECT ACTION.

[Next month the Trade Union Congress will be called upon to deliver its final verdict on the question of Direct Action—to decide whether the use of the strike weapon should be confined to the industrial area, or whether it should be employed to compel Parliament to accede to political demands. As there is a tendency in some quarters to under-estimate the determination of the advocates of Direct Action and to misunderstand the aims and objects behind their policy, we publish the following extracts from a lecture delivered recently at Kingsway Hall by the Industrial Editor of the Daily Herald, Mr. W. Mellor, who is a protagonist in the Direct Action school of thought and an out-and-out believer in the revolutionary doctrine of physical force.]

“To me,” said Mr. Mellor, “the one salient fact of modern life is the war between classes. I see no sign of real social unity or the so-called ‘brotherhood of the trenches’ brought into industry at home, but I do see on every hand a naked and a sheer war between the interests of those who own and have power, and those who are owned, who are dispossessed and who have not yet achieved power. I believe that the great fact of modern civilisation is the conflict between workers and capitalists. Whether round a table or in a strike, the attitude of employer towards employed is always the same: ‘What I have I hold!’ and the worker’s answer to that is: ‘What you have, we’ll take!’” (Applause)

“I believe that a decision as to whether direct action is right, morally justifiable, and expedient, depends upon your general attitude towards society. I have been examining the speeches and books of eminent labour leaders, and I have discovered that you can divide the leaders of labour into two halves. On the one hand you have those who still retain the traditions of the last forty years, who still think in terms of their craft, who believe that by a slow process of evolution and by the ballot box you can gradually change the face of the world. On the other hand are those who look at life from the point of view of class, whose form of organisation is industrial union, whose attitude is governed by the belief that economic power is the basis of all power, that in industry is to be found the secret of strength, and that it is useless to talk of demo-

cratic forms of government so long as there remain in industry servility and autocracy." (Applause)

"Those labour leaders who take up the former view have been telling us recently that those who support direct action are supporting something which is bound to produce revolution—" (Voice: "A good job too!") "that it is that Bolshevism against which the force of all sane labour must be used to the utmost. Similar charges were made against the strike weapon and against all trade unionism in its early days, but the strike is now everywhere recognised as the workers' only weapon."

"Direct action, as now generally understood, is the use of the power to refuse to work by bodies of workers in pursuit of aims that, if achieved, will change the order of society. The opponents of this form of action—the most sensible opponents—plead that in a democratic country the worker has a weapon in the vote which will give him all the economic changes he desires."

"But the first question I want to ask is: Are we a democratic country, and if we are not, how are we going to become one? We have the symbol of political democracy in the vote, but I want to suggest to you that the vote is given to sections of the community just in so far as those who possess economic power believe that those sections are going to exert power in the industrial field. The vote is the symbol of the industrial or economic power; it comes after that power has been made manifest—not before. It comes as the result of increasing strength in the economic field and is merely a symbol that that strength is recognised. To-day, in this country, so far from being a democracy, we are fundamentally—and by that I mean economically and industrially—an autocracy, but it has served the purpose of those that own to give the workers the symbol of political freedom. That symbol is useless unless it carries with it the power to make the vote effective."

"If we examine the history of the country during the war period, and now, the one thing that will strike us is that power does not rest at Westminster. Power rests in the City, or in the great centres of commerce, or in the offices of the Ship-building and Engineering Federation or the Miners' Federation. Behind Parliament, laws are determined, changes are determined according to the economic strength of the contending parties. The place where laws are made is the room where Labour and Capital come together, with a politician as neutral chairman. All that Westminster does is to register the fact."

"Under those conditions, it is useless to call this country democratic, or the worker free in industry which is governed autocratically with only the power of the trade union to check the work of the autocracy. Eight hours, ten hours a day of his working life are spent under conditions which prohibit him freedom, and he cannot be regarded as a free man merely in the few hours when he isn't in bed. To oppose the doctrine of direct action in this country, because it is a democratic country, is fallacious, because no country can be democratic until it is democratic in industry."

"Our opponents declare that to apply the method of direct action inside a country is to produce a revolution. I agree. Those who believe in using the industrial weapon to achieve ends that concern more than the mere people who are striking, *are aiming at an entire change in the system of society.*" (Hear, hear) "The industrial weapon and the industrial movement should be used for a total revolution in the order of society as we know it now. To use trade union organisation merely to ameliorate conditions under capitalism is to use it for an end that is bound to fail" (Applause) "To attempt to create a monopoly of labour power in order that you should extract a shilling an hour more wages from your employer, and still leave him power to extract more than a shilling in prices, is to use a magnificent weapon for a very foolish end."

"We believe that the object of trade unionism is to transplant capitalism. We are revolutionary, and our analysis of society leads us to believe that in the class war all weapons are justifiable. In the war between the capitalists and the workers, both sides are engaged in a fight with the gloves off."

"I believe that actually we shall only secure a complete change of society when labour is so organised that it can, at a single word of command, lay down every tool and just fold its arms." (Applause) "I don't say that it will actually do that, but it will achieve the change when it is *able* to do that, and in so far as Labour is able to do that, Labour will be able to effect changes. The weakness of the Labour movement to-day is just in proportion to its inability to conduct strikes in the industrial field for other than reformist ends."

"Yesterday the Press was rejoicing over the threatened collapse of the Triple Alliance. It was rejoicing over the threatened collapse for the very simple reason that the Press understands that the Triple Alliance, weak though it is, *does* represent a new spirit in the Labour Movement. It represents

the coming into existence of the working class consciousness as against the consciousness of the miners, the railwaymen, and the transport workers. And with it there has come, too, the use of power for new ends, and it is significant that much of the recent discussion around direct action has centred around the Triple Alliance. With this welding together of interests has come a widening of outlook amongst the people who form part of the Triple Alliance. They are beginning to see that reformist strikes are a waste of time ; that strikes within the system, merely to make the system more bearable, will have to go on for ever, and never make the system really more bearable."

"Now we come to consider the practicability of direct action. Many confuse it with the general strike. But by direct action we mean the use of the industrial weapon for ends that are regarded as non-industrial. Whether a strike, for instance, of the miners in connection with the nationalisation of the mines is practicable or not, depends upon the strength and coherence of the Miners' Federation of Great Britain. If the control for the purpose of action is sufficiently centralised, and for the purpose of propaganda is sufficiently decentralised, then a strike for an aim other than a reformist aim is certain of success."

"I believe that to-day you could use the disorganised trade union movement of this country to achieve nationalisation of mines by the application of the direct weapon ; that you have, in other words, even now, sufficient organisation to secure a turn-out of workers on the issue. But when you come to the Russian issue, I am not prepared to say that you could get direct action upon it. I don't believe you could get a strike by the Triple Alliance to force the withdrawal of all British troops from Russia, and the stopping of all British supplies to the anti-Bolshevik forces, but I do believe that it is because of the *fear* of the strike that the British troops have been withdrawn, that supplies are stopping—that there has been direct action of a kind applied to the problem of Russia with very beneficial results. Even there, where we could not have secured a definite strike, the possibility has achieved political results that no amount of voting would have achieved."

"I do not believe in or defend direct action simply because there was a rush election last December. Every election is a rush election—" (Applause) "and direct action does not depend on whether it represents the morning-after view, but

whether it represents the power of the capitalists." (Applause)
"We don't need to argue that because we were fooled in December we can strike in January. We are fooled all the time, therefore we must strike when we can." (Applause)

"Is direct action expedient? Everybody recognises to-day that under certain circumstances it is expedient for the worker to refuse to work. The power to do that gives him a sense of freedom. Believing that, it surprises me that they will not allow the same weapon to be used for ends that are not merely ends of pocket, ends that have some touch of idealism about them, impersonal and great. They agree to a strike for the amelioration of industrial conditions, but when it is to be used for changing the basis of ownership, they say: 'No, we are a democratic country.'" (Laughter) "Well, it seems to me that if it is justifiable to refuse to work for less than a minimum wage, it is justifiable to refuse to work under a system of private ownership." (Hear, hear) "If it is justifiable to refuse to work because you don't like your foreman, it is justifiable to refuse to work because you don't like your boss and you want to get rid of him. If a strike is justified because you want five bob a week extra, it is justified because you want the lot. Everybody who supports the strike for ameliorative purposes should logically support it for any other purpose. Expediency is a calculation of odds. If you think you can do it—do it. If you think you can't—wait. You have got to consider expediency from our point of view; whether we can achieve the thing we set out for, not whether it is expedient for the nation, but within the class war. We can make it expedient by perfecting our organisation. The use of direct action on a large scale now is inexpedient because we haven't got the machinery or the consciousness in the workers to make it effective. It is not inexpedient because we are going to tread on traditional corns, but because we are not ready for it."

"The thing that the Labour Movement most needs is the reorganisation of itself so that it will be able to apply economic pressure when it is desirable. That reorganisation involves a giving up of the sovereign rights of small nationalities." (Laughter) "It involves the creation of an army and the question is whether Labour is going to create it. The desire for an army of Labour comes from people who desire that army for other than reformist ends."

"The power of the Labour Party—or the weakness of the Labour Party—is a reflection of the power or the weakness of the Labour movement in the country. They merely register something that happens outside. The strength of Mr. Thomas in the House of Commons rests ultimately upon the fact that he is Secretary of the National Union of Railwaymen. The strength of the miners' representatives in the House rests on the fact that they represent the miners."

"The power of every class is the power that it has to hold up society, and in past history every class has used direct action to climb up. The very thing the bourgeoisie are saying the workers must never use they used themselves, even to the extent of chopping off a king's head. We are simply using force to combat force, as every other force has been obliged to do."



LOOK BEFORE YOU LEAP.

"BEYOND the elementary fact that we, as human beings, shall continue to need food, clothing and shelter, and shall be obliged to obtain them by some labour process, the future is unknown, and all efforts to lift the veil, or plan details of the future, are waste of time and energy."

These words are quoted from the official organ of the Socialist Party of Great Britain, and they deserve the very serious attention of all sorts and conditions of men and women.

There are many schools of Socialist thought, and whilst they are unable to agree amongst themselves as to the precise form of socialism that they desire to see in operation, they are all united in clamouring for a drastic change in the organisation of a society, which, whatever its shortcomings, is at least the product of many centuries, during which it has been moulded by the cautious hand of experience to meet the varying needs of an extremely complicated set of problems.

"The socialisation of industry" is a high-sounding phrase that may mean progress or may spell disaster; but no prudent man will venture the whole of his future on a ship simply because it has a name that sounds well. He wants to know whether the ship is seaworthy, he asks whether the pilot is experienced and he satisfies himself as to the destination of the voyage before he embarks with all he has, little though that may be. No intending passenger would be reassured by being told that "the future is unknown, and all efforts to lift the veil or plan details of the future, are waste of time and energy."

The ideals of socialism may be admirable, and the promises held out by counsellors who want to enlist our sympathies may be glowing, but if we pay any attention to the claims of common sense we are bound to enquire whither we are being shepherded, and what is eventually going to happen to us, as individuals, if we lend a hand in bringing about the changes that are being demanded.

There is no need to get excited over the subject, as so many do. All that is necessary is to adopt a judicial

attitude and to consider, in cold blood, whether the game is worth the candle. If we view the matter in this spirit, our first questions will be to enquire: What is the essential feature of the proposition? Who are to benefit, and who are to suffer, by the change?

Doubtless we shall be told that equality is the goal and that equality is to be won by dispossessing the rich and endowing the poor with the proceeds. But who are the rich? That is a question which is seldom asked and hardly ever answered.

Let us attempt to solve this elementary riddle before we proceed to consider the other problems that follow upon this first step on the road to socialism. If absolute equality is the goal, it is obvious that a halt in the process of change will never be called until everybody's income is adjusted to the same level. If absolute equality is *not* intended, it is equally clear that the less highly paid sections of the community will still have a grievance against the more favoured few—for, in the nature of things, it must always be the many who have the smaller shares or else it would soon happen that nothing at all is left over for the few. A simple example will make this point clear. If there are ten loaves to divide between ten people and if two people take one and a half loaves apiece, there remain seven loaves for the other eight, that is to say, nearly a loaf each. But if eight people take one and a quarter loaves apiece, not one morsel of bread is left over for the other two.

It must be assumed, therefore, that when the honest socialist speaks of equality, he means that relative riches and relative poverty would be abolished under his *régime*, because if he does not mean this he is perpetuating what he believes to be an evil, and is deceiving the credulous.

So, again, we ask—who are the rich? And we wonder how many people take the trouble to enquire to which class they themselves would belong if all incomes were equalised. Let us suppose, for example, that an unmarried engineer, earning £6 a week, attends a socialist meeting and hears a popular orator declaiming against inequality and promising a fairer distribution of the national income. We wonder whether our engineer realises that under any system which ends in equality he would have to give up a large part of his wages. We venture to think that

such an idea never enters his mind. If he considers the matter at all, from a personal point of view, we have little doubt that he assumes that he would be one of those who are going to benefit, not one of those who are going to suffer, by the change.

Yet it is an absolute certainty that there is not enough wealth in the country to provide an income of £6 a week for all single men, no matter whether they are peers or peasants. There will be some suspicious people who will refuse to admit that this is a fact, but the statement is one that cannot be gainsaid even by the most sanguine socialist who has spent five minutes in investigating the matter. It is merely a question of simple arithmetic which neither depends upon any man's opinion nor can be explained away by any amount of argument.

Actual and reliable figures of the national income in 1919 are not yet available, but, before the war, *the total national income from home sources if divided equally would have yielded for each family of five persons only £130 a year gross, or £170 a year net, after rates and taxes were paid and necessary savings provided for. Now £170 a year is £3 5s. 4½d. a week and this would have been the maximum and the absolute share per family per week of all the wealth produced in the United Kingdom if all shares were equal. It follows that single adults would be entitled to a much smaller share.*

It must be remembered that there is less actual wealth in the country now than there was before the war and so, notwithstanding the present inflation of currency which makes him appear better off than he really is, the engineer in question would nevertheless have to "shell out" in order to bring the shares of his poorer brethren up to the standard rate.

But, it will be urged, the average working-class family, before the war, had to put with less than sixty-five shillings a week, and their share would be increased if incomes were equalised. This is a fact; but even so there is a lion in the path, and again prudent people would be well advised to look before they leap. Let us take the case of the father of a family with a weekly wage of forty shillings a week and see how he would be likely to fare if the dream of the socialist came true.

Of all the calamities that threaten the standard of living of the working-class family the most dreaded is prolonged unemployment, but if a normal wave of trade depression throws thousands of men out of work, what would happen during the transition period when the whole foundations of society were being uprooted? Of a certainty there would result an epidemic of unemployment, such as has never yet been experienced in our history, and one from which recovery would be slow and painful at the best.

Imagine, first of all, the absolute chaos that would be caused if the whole machinery of production was suddenly thrown out of gear, and then consider how long it would take to organise new industries to take the place of those that had ceased to exist. If everybody had the same small income, the so-called luxury trades would be abolished because nobody could afford to buy expensive articles; banking, advertising, insurance, commercial travelling, printing, clerking, domestic service, and many other types of employment would be seriously curtailed if the system of producing and trading for profits were done away with. The whole nation would be suddenly impoverished and there would ensue a bitter struggle for existence, in comparison with which our present difficulties would seem unimportant, if not trivial.

It is contrary to human nature to expect that the victims of the experiment would quietly surrender their property on demand. "The Social Revolution," as Bernard Shaw has said, "will not be an affair of twenty-four lively hours, with individualism in full swing on Monday morning, a tidal wave of the insurgent proletariat on Monday afternoon, and Socialism in complete working order on Tuesday." The conflict would be long and severe. The issue would be doubtful.

The prophet Mohammed promised his adherents a new life in a new world, but nobody knows for certain whether his promise can be fulfilled. What we do know is that "the faithful," in common with other people, have to pass through the hands of the undertaker before they can enter paradise, and even Mohammedans are not always in a hurry to hasten the day of their departure from this world in spite of the joys that they believe to await them in the abode of eternal delights.

Unless we are very greatly mistaken, the British people will weigh the pros of Socialist promise against the cons of inevitable risk before they commit themselves to a change such as would be brought about by the forcible socialisation of industry, with all its attendant uncertainties and dangers.

And when all is said and done, what is the conclusion of the matter? Does it not reside in the elementary fact—"that we, as human beings, shall continue to need food, clothing and shelter, and shall be obliged to obtain them by some labour process?" Surely there is a better way of attaining our object than can be secured by leaping before we look. With what amounts practically to universal franchise, the people can have whatever form of government they choose, and we shall do well to take to heart the old saying—"More Haste less Speed!"

❧ ❧ ❧

TAXATION OF CAPITAL—II.

Most people approach the subject of these articles with a strong bias in favour of income taxation, direct and indirect, partly because no other method of raising revenue seems at first possible, but mainly because, in time of peace, net income is universally admitted to be the true criterion of capacity to pay. And it is further agreed that income should normally be measured over as long a period as possible. Hence, partly, the administrative practice of allowing a business man to pay in any year on the basis of realised income over a period of years. But the problem now under discussion is that of meeting, not recurrent expenditure on the part of the Government, but an abnormally heavy and wholly unexpected financial burden, the very existence of which is regarded by many as constituting a serious menace to the welfare of the State, and against which there are no specific assets. The evil, it is held, can only be removed by drastic measures such as would be quite unsuitable under normal conditions.

There are many, indeed, who would strongly support the view expressed in the following words by Mr. Bonar Law two years ago (see *The Economist*, Dec. 29th, 1917):—"Suppose you take this view—I am inclined to take it myself—that we ought to aim at making this burden (of taxation represented by the National Debt) one which will rest practically on the wealth that has been created and is in existence at the time when the war comes to an end, not merely that it should not fall on the wage-earning classes or on the people with small means with which to meet it, but that it should, as far as possible, be borne by the wealth that exists at the time, so that it would not be there as a handicap on the creation of new wealth after the war, I think that is what we have to aim at." And they regard a levy on existing wealth as the inevitable consequence of the adoption of that view by the community.

Others, of whom the writer is one, argue along a different line. The debt incurred by a very small war would create little or no controversy. Interest and an adequate sinking fund would be provided by a relatively small increase in income taxation. No question of imposing a levy on capital would arise. On the other hand, if the recent world war had

cost this country twenty or thirty thousand million pounds no one would seriously contend that a heavy levy on capital could be avoided. And what is inevitable cannot be unjust. Now between these limits there is a point at which a levy ceases to be inevitable, yet remains highly desirable; and a second point at which the evils of simple income taxation become obvious. And between these two intermediate points there is a third, at which the advantages of a levy on capital exactly balance its evils. The question of a levy is therefore not discussed on any ground of fundamental principle. It is held that the National Debt, even with the present inflated currency, has already exceeded the amount at which it is wise to ignore the levy as a method of reducing it, and that, if the currency is to be deflated, it will be impossible (or, if at all possible, very injurious to industry) to provide by income taxation the revenue necessary for the payment of interest and the provision of an adequate sinking fund. A levy on capital is thus an essential preliminary of any scheme to reduce materially the volume of currency. The choice is between simple income taxation and continued inflation, or deflation accompanied by a substantial reduction of debt by means of a capital levy. Among the advantages of such a levy should therefore be included the advantages following upon the reduction in the volume of the currency. Such, in brief, is the line of argument which seems strongest to the writer.

It is necessary to make perfectly clear what a levy on wealth really means. If it is avoided, and the revenue necessary to provide interest and sinking fund is found by income taxation, it seems to be generally agreed that the rate upon unearned incomes will be advanced considerably more than the rate upon earned incomes. And some advocates of a levy regard it merely as a means of capitalising the new differential tax upon unearned incomes, which would therefore not be imposed in addition. Such is not the case: a capital levy is not a means of further differentiating between the two forms of income. For under income taxation unearned incomes derived from future invested savings would be subject to taxation at the enhanced rate, and, from the time of its emergence, would contribute no less than similar incomes from investments which exist at present. If a levy were imposed upon existing capital it is clear that the tax burden upon incomes derived from future investments would

be proportionately reduced. It is, therefore, not true to say that if a levy were imposed existing owners of capital would only pay in lump sum what they would in any case be compelled to pay in annual instalments under income taxation. On the contrary, owners of existing capital would be paying more than under ordinary taxation, and would be contributing to the relief of other taxpayers in the future. A capital levy seriously affects the incidence of the financial burden created by the war, and raises, in a marked degree, the question of equity—at any rate, if it be assumed that income taxation and a capital levy are real alternatives which may be adopted at will. This point is of the first importance, for, as we shall see, it affects the criticisms which have been urged against each.

A levy on capital would be a levy upon the owners of existing capital—that is, a tax imposed immediately upon persons. Apart from the National Debt itself (which represents capital to the individuals possessing Government stock) such a levy would not destroy capital; it would merely transfer the property rights to capital. Nor would it necessarily reduce the fund of loanable capital, for every sum surrendered to the Government in payment of the levy would set free an equivalent sum paid by the Government to holders of Government stock. Moreover, it would not necessarily affect the position of joint stock companies beyond changing, in some cases, the personnel of the stock and share holding groups. But the position of a one-man business or private partnership might be seriously prejudiced in the absence of special provision to meet its particular needs. Since, however, owners of capital have, in general, invested in War Loan stock, then the mere surrender of the requisite amount of such stock in payment of the levy would not reduce the capital invested in a private business, although the levy, by its very nature, would naturally reduce the assets of such business and curtail its individual power to overdraw at the bank to meet its daily needs.

Many objections have been urged against the principle of a capital levy. Some of these are based upon misconception, others are weighty and call for serious consideration. The most serious of these were summarised by the Chancellor of the Exchequer in his Budget speech of April, 1919.

[To be concluded.]

CONSTRUCTIVE MEASURES.

IN times of industrial unrest and crisis more publicity is generally given to the differences between employers and employed than to the constructive measures that are being taken to improve industrial relations and to facilitate co-operation in the development of industry. It may therefore be useful to review briefly the work that has been accomplished in giving effect to the recommendations of the Whitley Report.

The terms of reference to the Whitley Committee were as follows:—

"(1). To make and consider suggestions for securing a permanent improvement in the relations between employers and workmen.

"(2). To recommend means of securing that industrial conditions affecting the relations between employers and workmen shall be systematically reviewed by those concerned, with a view to improving conditions in the future."

After careful consideration, the Committee recommended in its Report that in each well-organised industry there should be established a National Joint Standing Industrial Council composed of elected representatives of the Employers' Associations and the Trade Unions concerned in the industry. The Committee recognised, however, that it was not enough to secure co-operation at the centre between the national organisations, but that it was equally necessary to enlist the activity and support of employers and employed in the districts and in individual establishments. The Committee therefore recommended that in industries in which National Joint Standing Industrial Councils were formed there should also be established (1) District Councils, representative of the Trade Unions and of the Employers' Associations in the industry; and (2) Works Committees, representative of the management and of the workers employed in particular works. The Committee further recommended that the National and District Councils and the Works Committees in an industry should act in the closest possible co-operation.

That, briefly, was the threefold structure recommended by the Whitley Committee. It may be added that the Committee

expressed the view that Councils and Works Committees should meet at regular and frequent intervals, and that the questions with which National Councils should deal, or should allocate to District Councils or Works Committees, should include not only economic questions, such as wages and hours, but practically all questions that could affect the relations between employers and employed and the development of the industry.

The first Whitley Council—the Council of the Pottery Industry—was established in January, 1918; and it is gratifying to be able to record that at the present moment fifty-one Whitley Councils have been formed, representing over four million workers. Taking into account the industrial conditions of the past two years, it will be agreed that remarkable progress has been made.

Forty-three of the fifty-one Whitley Councils represent industries carried on by private employers or by public companies. It may be useful to give the list:—

Asbestos manufacturing; bobbin and shuttle making; boot and shoe manufacturing; bread baking and flour confectionery (English and Scottish); British coir mat and matting; building; cable making; carpets; cement; china clay; elastic web, cord, braid, and smallwares fabric; electrical contracting; flour milling; furniture; gold, silver, horological, and allied trades; heating and domestic engineering; heavy chemicals; hosiery (English and Scottish); iron and steel wire manufacturing; made-up leather goods; match manufacturing; metallic bedsteads; music trades; needle, fish hook, fishing tackle, and allied trades; packing-case making; paint, colour, and varnish; pottery; printing and allied trades; quarrying; road transport; rubber manufacturing; saw-milling; silk; spelter trade; tin-mining; vehicle building; wall-paper making; Welsh plate and sheet trades; wool (and allied) textile; woollen and worsted (Scottish); wrought hollow-ware.

The remaining eight Whitley Councils represent an interesting development of the application of the principles of the Whitley Report. In its second report the Committee stated that:—

“In considering the scope of the matters referred to us we have formed the opinion that the expression ‘employers and workmen’ in our reference covers State and Municipal authorities and persons employed by them. Accordingly we recommend that such authorities and their workpeople should take into consideration the proposals made in this and in our

first Report, with a view to determining how far such proposals can suitably be adopted in their case."

This recommendation has been taken up by the State and Municipal authorities and by the trade unions concerned, and already great progress has been made. The principle of the application of the Whitley Report to Government Industrial Establishments was approved early in last year, and a scheme for the establishment of Departmental Joint Councils, Trade Joint Councils, and Shop, Works, or Yard and Trade Committees in local establishments was drawn up. Departmental Joint Councils have now been established for the Admiralty and the Office of Works, and the formation of similar Councils for the War Office, the Ministry of Munitions, the Stationery Office, etc., is now in hand. The Admiralty Departmental Council is at present setting up Yard Committees at Portsmouth, Devonport, and other dockyard towns. In addition to this large development a National Joint Council for the Administrative and Legal Departments of the Civil Service has been formed. This Council has held several meetings, and has agreed to the appointment of a Joint Sub-Committee to consider the re-organisation of the clerical grades of the Civil Service. The necessary Departmental Joint Councils are also being rapidly established.

An equally striking development has been made in applying the Whitley Report to the industries and services with which local government authorities are concerned. A National Joint Standing Industrial Council has been formed for each of the four public utility services—electricity supply, gas, tramways, and waterworks; and, as it is vital that a Whitley Council should be representative of an industry as a whole, each of these four Councils represents both municipal and company-owned undertakings. In addition to these four Councils a Joint Industrial Council has been formed for the manual workers employed in the non-trading services of local authorities in England and Wales; and a Joint Council for the administrative, technical, and clerical services of the same local authorities is now in course of formation.

It will thus be seen that the Whitley Council movement has already made very substantial progress. But what, it may be asked, is the value of the work actually accomplished by these Councils? As one would expect under recent industrial conditions, the majority of the Councils have been mainly occupied with questions of wages, hours, and general con-

ditions of work. That is all to the good, for if such questions can be settled by joint consideration and agreement, present troubles are removed and a good foundation is made for necessary negotiations in the future. A large number of Councils have come to agreements on wages, hours, holidays, overtime, etc., a few have been unable to arrive at agreements on wages; and one or two have come to a deadlock on that subject.

Taking the work of the Councils as a whole on these thorny and difficult questions, it can truly be said that the Whitley Council movement has fully justified itself. It has already been pointed out, however, that the functions of these Councils are not purely economic, but include practically all questions that can affect the relations between employers and employed and the development of the industries which they represent. Several Councils have accordingly already dealt with such questions as education, apprenticeship, employment of disabled men, employment of women and juveniles, research, organisation, statistics, welfare, safety, commercial matters, etc., and many other Councils are now in process of dealing with these and other subjects of a wider nature than the purely economic.

The Whitley Scheme, however, is threefold. In all save a few industries, District Councils and Works Committees must be established in addition to the National Councils if the purposes of the scheme are to be realised adequately. National Councils, however representative and capable they may be, cannot have that detailed knowledge of local industrial conditions and needs which is essential for the maintenance of good relations between employers and employed and for the development of industry; nor can either National or District Councils deal adequately with the many questions which arise from time to time in a particular works or factory. It is therefore gratifying, and a sign of real progress, to find that a steadily increasing number of National Whitley Councils have either established, or are in process of establishing District Councils and Works Committees.

The Whitley Council Scheme is still, necessarily, in an experimental stage. It has come into being at a time of great industrial ferment, following a period in which the industries of the country had been submitted to unprecedented stress and change. It has thus had great difficulties to encounter. But it has already shown that the principles

advocated by the Whitley Committee were sound in theory and feasible in practice. It has enabled representative employers and trade unionists in many industries to meet together for the purpose of considering jointly their differences and the many problems affecting the industry with which they are concerned. It has been the means of achieving a large number of constructive agreements on vital industrial questions, and it has afforded employers and employed the most effective of opportunities for that mutual understanding and education which lie at the very root of industrial harmony and prosperity.



ADULT EDUCATION AND THE LABOUR COLLEGE.

THE final report of the Adult Educational Committee, published in November 1919, is particularly instructive and is of such a nature as to invite more than passing comment. The importance of adult education—which, generally speaking, means the education of the adult working-man—as a factor in determining the maintenance or otherwise of industrial peace, is duly emphasised by a body of men, many of whom are peculiarly competent to adjudicate on the matter. The history of adult education, and its intimate connection with political movements in the past, are carefully reviewed; a detailed description of existing organisations is given, and recommendations are made for the future conduct of the work. The Report is signed by the Master of Balliol and seventeen other members of the Committee appointed as long ago as July 1917 by the late Minister of Reconstruction.

Among those who sat on the Committee and who had a considerable share in framing the Report were Mr. Frank Hodges, Secretary of the Miners' Federation, who is an old student of the Central Labour College, and Mr. C. T. Cramp, the new leader of the N.U.R., who is a pronounced advocate of the "Class War." With two such redoubtable champions of "the new order" sitting on the Committee, we might expect to find the report not unmindful of the interests of militancy, and even the interim report bears traces of a special solicitude for the future of that robustly militant seminary, the Labour College in London. We are not surprised, therefore, to discover that the recommendations arrived at are designed to secure the financial support of the taxpayer for that same institution.

In order to understand the import of the references to, and the constant backing of the Labour College by the Committee, and its prominence in the recommendations, two points must be emphasised. (a) Adult Education, which in 1914 was "booming" and which underwent a slight set-back during the war, is now again making remarkable strides, chiefly through the agency of the Workers Educational Association, the University Tutorial Classes and the University Extension Lectures. (b) The general character of the subjects taught is determined by the wishes of the students, which, as is well-known, are continually moving in the direction of Economics, Industrial and Social History, Sociology and kindred subjects.

These facts should in themselves be sufficient to ensure that the control and direction of Adult Education Classes should be, before all things, free from that partisanship and political or economic bias which is admittedly the essential characteristic of the Central Labour College teaching.

The Labour College was formed in 1909-10, when Mr. Dennis Hird and his associates withdrew from Ruskin College in order to be free to teach purely Marxian economics and frankly revolutionary doctrine. Before the war the progress of the work was slow but evident. If during the war it lost ground, the prevailing spirit of unrest has now given it fresh impetus, and to-day it would appear to be afloat on the high tide of success. A sum of two thousand pounds has been spent in decorating and furnishing the two large houses which it occupies in Penywern Road, Earls Court, and it is proposed to take the other two houses at the back, making a solid block in which at least 100 resident students can be housed. The new session opened in September with twenty-seven resident men students and two outside women students. It is intended that a hostel shall be established and the number of women students largely increased.

In its early days the Labour College was indebted for its funds to a wealthy anarchist, Mr. George Davison of Harlech. Subsequently the necessary financial support was provided by the National Union of Railwaymen and the South Wales Miners' Federation, and the six members of its governing Board are elected by these Unions. More recently it has received the adhesion of the National Union of Clerks and of the Bleachers and Dyers Union, which has withdrawn its support from Ruskin College. It has been promised the support of the Postal Union and is looking to Mr. Tom Mann to withdraw the A.S.E. from Ruskin College and bring the engineers into line with the N.U.R.

All these facts give the Labour College an importance which must not be overlooked in considering the part it is playing in the propagation of social revolutionary ideas through its resident students and through the network of classes it is establishing in all parts of the country. There are at least one hundred C.L.C. correspondence classes in South Wales, and testimony to the efficiency of their teaching is borne by Mr. W. W. Craik, who stated recently that the students coming up with scholarships from South Wales are already well advanced in their studies after three years attendance at the local weekly classes.

That the education given at the Labour College is frankly

Marxian is amply proved by the syllabus of lectures in economics for the present session. The only text-books recommended are :— Pannekoek's *Marxism and Darwinism*, Marx's *Value, Price and Profit*, Marczy's *Shop Talks on Economics*, Marx's *Wage, Labour and Capital*, and Ablett's *Easy Outlines of Economics*. The Marxian character of the College is recognised by the Committee's report which notes the fact that "the College lays no claim to being non-partisan or non-political," but that "as it exists for a partisan movement it must be opposed to all those in opposition to that movement." The bias of the Labour College and its offshoots, the Scottish Labour College in Glasgow and the C.L.C. Correspondence Classes now springing up in all industrial centres, is indeed not difficult to establish, yet this College finds favour in the Report of the Adult Education Committee which, while recognising its partisan character, nevertheless includes it definitely among the Universities and Colleges to which promising students should be sent at the expense of "the Universities, aided by the Central Authority and by Local Education Authorities."

"We think" say the Committee, "that special efforts should be made to offer opportunities of more prolonged study in a University or at an institution such as Ruskin College or the Labour College to students who have proved their capacity to undertake educational work . . . to enable students from tutorial classes to enter Universities and Colleges for courses of study lasting from two to three years. . . . Funds should be provided for the purpose by the Universities, aided by the Central Authority and by Local Education Authorities."

Such is the proposal buried in this interesting Blue Book, which makes very clear the growth of adult working-class education, and the dearth of teachers, and then suggests that State aid should be given to the youth of the social revolutionary movement to perfect the weapons of their armoury by two years residence at the Marxian Labour College.

In March 1918 *Industrial Peace* called attention to the attack made by the Plebs League, which is the propagandist section of the Labour College, upon the classes conducted by the Workers' Educational Association. Working men who attended the classes of the W.E.A. were denounced by the League as traitors to the cause of "class war." We shall be interested to watch the future progress of the Labour College under the new auspices and to see to what extent the State Endowment is used by the devotees of the Class-War to thwart the working of the machinery of State.

VIEWS OF THE MINORITY PRESS.

THE guiding principle of universal brotherhood is emphasised in *Solidarity* by the motto, "All for one and one for all," which appears monthly in bold type on the front page of the journal. It seems, therefore, a particularly unfortunate piece of sub-editing that allowed the following attack on some of our most reputable Labour leaders to appear on the same page:—

"The present day Labour Party is tainted at its source, and without hesitation I state that a Labour Cabinet composed of the type of Henderson, Clynes, Hodge, Barnes, etc., would be far worse than the Cabinet we have in power at the present moment: they, at any rate, we do know are bitterly opposed to the workers' interests. Therefore, it behoves the energetic ones in the rank-and-file movement at their branches and meetings to point out the fallacy of political action on every available occasion: to use their influence to get the reactionary trade union leaders relegated to obscurity, where their fluent and baneful tongues can no longer add to the misery and suffering of the workers."

Another example of a fraternity strictly limited to those who hold identical views on the complex question of modern statecraft occurs in *The Call* of December 4th, which publishes a message from Trotsky, in the course of which the Russian Bolshevik leader denounces some of the moderate French Socialists:—

"The repellant falsity of Renaudel and Co. is clear and unmistakable . . . the political school of Renaudel is at the present moment a force even more reactionary than clericalism in France. But one cannot imagine a Renaudel without a Longuet . . . Jean Longuet, who, in all the principal questions, upholds the inviolability of the capitalist régime, expends the greater part of his energies and imagination in hiding this activity under the veil of a ceremonial and liturgy borrowed from the Socialist, even the Internationalist, prayer-book. . . . I was not surprised to hear that Merrheim had gone over to our enemies."

Lenin, reported in *The Socialist* (the official organ of the Socialist Labour Party), concentrates a similar attack on the corresponding group of German Socialists:—"Messrs. Scheidemann and Noske are the Life Guards of the bour-

geoisie and the hangmen of the German Communists." Kautsky is described by the leader of the Russian Bolsheviks as the "footman of the bourgeoisie." This outburst on the part of Lenin is apparently caused by an acid remark of Kautsky's to the effect that "the Bolsheviks always finally reach exactly the opposite of what they aim at—they were against capital punishment, but they are operating by the means of mass executions." Lenin proceeds to express the opinion that "the revolutionary workers of all the world are turning themselves more and more from Messrs. Kautsky, Longuet, Macdonald, and Turati. . . . Kautsky, remaining a true reactionary small bourgeois, continues sobbing because of the horror of civil war." In another part of the article, Lenin comments on "all the meanness and the treason committed against Socialism by Messrs. Kautsky, Martov, Chernov, Branting, and the other heroes of the yellow Berne International."

The same absence of any spirit of mutual respect or forbearance characterises a paragraph in another part of the paper. Under the heading, "Renegade Tillett tries to sneak back," *The Socialist* states—"Ben Tillett, the Hun-chasing variety artist of the Great War period, shows signs of returning sanity after his war debauch." These sharp divisions within the family itself, as it were, would seem to justify the view held by some of us, that it is not the capitalist alone who stands between the Socialist worker and the realisation of his dream of an all-embracing brotherhood.

Solidarity, in its December issue, devotes an article by David Ramsay to the Federation of British Industries, which it describes as the "Soviet of the master class." It refers to the proposed amalgamation of the Federation with the British Empire Producers' Organisation. Ramsay concludes a summarised reference to Sir Vincent Caillard's speech on the 12th November last in the following words:—"What is the lesson of this article? Simply that the workers must organise as the masters are doing. The Shop Steward and Workers' Committee Movement offers to all who are alive to their true interests an opening to help forward the work of emancipation. Join the army of the Revolution and help to sweep capitalism, with all its artificial barriers to the free exchange of wealth, from off the face of the earth."

The *Daily Herald* holds consistently to the attitude of Germany being always right and France and England always

wrong. Regarding the difficulties attendant on the signing of the Peace Treaty this paper differs from the French and British Press where "a great deal is being made of Germany's 'plot' to secure a mitigation of the original treaty as a consequence of America's delay in ratification." The *Daily Herald* (December 6th) is "not at all sure that the boot is not on the other leg." It has "a shrewd suspicion that much of the 'obstruction' and 'shuffling' on the part of Germany has been manufactured or promoted by the French Chauvinists and Imperialists." M. Clemenceau is credited with a scheme to effect a dual alliance between France and England. The *Daily Herald* is strongly opposed, for even if the pledge is to defend France in case of attack only, "We have heard before of the weak nation stung into retaliation by a policy of pin-pricks, extortion, and commercial repression, and then accused of an unprovoked assault upon a 'peaceful' neighbour. Such a treaty would make the present French Government the licensed bullies of Europe and ourselves their pledged bravoës." Writing on the same subject on December 8th, the *Daily Herald* tells us that "Paris messages are full of exultation on the prospect of a further advance into Germany . . ." Commander Kenworthy, however, has assured the *Daily Herald* that this scare is an attempt by the Allies to upset finally any democratic Government in Germany. "It is being done to give Hindenburg and the Royalists a chance to say to the people: 'This is what comes of democracy' . . ." On December 10 we read: "The object of a dual alliance between Great Britain and France would not, in fact, be defence. The real, the secret object would be to make France the dictator of Europe, to enable her to assume the position that we have spent five years in preventing Germany from seizing."

The views of the *Daily Herald* on Ireland and on the rôle that British Labour is destined to assume in the drama are noteworthy. On December 4th the special correspondent writes: "All over Ireland people are wondering when British Labour will act up to its resolutions. Postponement is infinitely dangerous. . . . It is felt here (Dublin) that organised labour has achieved a notable triumph in stopping the war on Russia, and the sense of that triumph, perhaps, adds to the impatience, of which there are undoubted signs, that no effective action is taken to avert the tragedy at our very doors." In the leading article for December 22nd we

read: "We have always maintained, and we repeat, that there is no Irish problem. The sole problem is that created by the alien tyranny of English rule in Ireland, and the way to solve it is to stop it. . . ." "The machine of physical force which expressed Prussian imperialism has been broken in the field. Russian imperialism has been overthrown by revolution at home. The main thing that now stands right across the path of human progress and world-peace is the imperialism of the British Empire." ". . . in the heart of the British Government itself, there is a reactionary gang absolutely determined to prevent any form of Home Rule and powerful enough to ensure that disorder shall be provoked by intolerable coercion whenever the prospect of Home Rule comes in sight. The course pursued at present by the British Government can mean nothing but . . . the downfall and dissolution of that Empire itself. . . . If Labour could by any means take over the control of the country, it could and would save the country and the world."

On December 31st, in a three-column article entitled "Ireland: A Policy," we read: "Under Coalition rule Ireland will be taunted with physical impotence; denied freedom of speech or assembly; denied elementary justice; denied, above all, self-determination. It may be goaded into the frenzy of despair and then subjected to massacre. The other parts of the Empire, where subject races are striving for freedom, will learn the lesson: their bitterness will grow greater. There will be increasing unrest everywhere. The civilised world will unite to condemn our treatment of Ireland as it united to condemn the German treatment of Belgium. Thus, after a few years of suffering and shame, the British Empire will go down in blood and ruin." But there is an alternative. A Labour Government, with a sense of honour—"a simple thing, in which our present governors are totally deficient"—can save the "British Commonwealth," which shall "form the promise and nucleus of a true internationalism." "If the Irish are convinced that British Labour means what it says, difficulties will disappear."

The Nation (December 13th) comments favourably on the decisions of the Trade Union Congress. It is surprised at Mr. Hodges' opposition to the General Staff scheme, but it expects this opposition of the miners will be modified by February. "Meanwhile the Congress is obviously sick of soothing syrup from Downing Street," and it will be interest-

ing to see how "Mr. Lloyd George treats its new demands for passports for a delegation to Russia. The Congress was convinced that the Government was preventing access to the truth about the internal state of the country." *The Nation* states that the election of Tom Mann to the secretaryship of the A.S.E. "brings back an explosive into the Congress. His example is likely to restore the passionately emotional oratory which has latterly yielded to the closely-reasoned, argumentative methods of men like Mr. Clynes. Those who have welcomed the developing statesmanship of the Congress listen apprehensively to the sound and fury of the fierce battle of words in which Mr. Mann, Mr. John Ward, and Mr. Robert Williams took part."

Philips Price, writing as the Special Correspondent to the *Daily Herald* (Dec. 10th), reports that at the German Independent Socialists' Conference at Leipzig it was decided that "The Independent Socialist Party stands for the Soviet System, and aims at the building up of Councils of hand and brain workers as organs for realising the dictatorship of the proletariat." The Trade Unions are regarded as part of the fighting organisation of the Soviet system. "Thus," Mr. Price points out, "since the November revolution of last year, the Germans have undergone a process of mental evolution which brings them, in all but a few details, to the same general position as that of the Russian Bolsheviks and the German Communists. And this change, let it be remembered, has taken place in the strongest Labour Party in Germany, numbering three-quarters of a million hand and brain workers." It was further "decided to leave the Second International and to declare that the party stands wholeheartedly for the Third International in Moscow." Mr. Price interprets the significance of this change for the guidance of other Labour Parties, and concludes that—"it stands to reason that the other parties in Western Europe, if they want an efficient international Labour organisation, will sooner or later have to follow suit." In other words, we suppose, if Germany will not follow Western Europe, Western Europe must follow Germany.

FOOD FOR THOUGHT.

Of all the many evil influences that militate against the attainment of industrial and social peace, the most active and the least tolerable is rancour. Freed from this blight, human reason could advance in other fields, with the same certainty that marks our progress in the province of science; and human understanding, no longer hampered by the distractions of party strife and class war, would soon find a way out of our major embarrassments.



Wherever rancour flourishes, truth languishes—and truth is the sole corrective against the forces which threaten to disintegrate society. Instead of that genius for compromise which is supposed to be a British characteristic, and in place of that co-operative effort without which the advance of civilisation is impossible, we are now exhorted to pursue the cult of Ishmael, bidden to put strife on a pedestal and advised to adopt the strategy of the Kilkenny cats.



The gospel of mutual extermination as preached by political hotheads is less serious than dangerous. It is even amusing. Thus *Solidarity* starts the ball rolling by an appeal to the Rank and File to destroy the Labour Party—Mr. Smillie carries the game a stroke further by insisting that “the first duty of the Labour Party is to destroy Liberalism”—ardent Radicals are more concerned with the defeat of Toryism than with the task of composing the differences within their own ranks, and the hidebound Tory would gladly complete the circle by excommunicating all who transgress the orthodox canons of his particular creed.



But if political partisanship, carried to excess, is bad, extreme class hatred is far worse. The former is like a quartan fever that subsides when it has run its periodic course, the latter is like a malignant cancer which grows only when it destroys healthy tissue. Under the venomous influence of class hatred, every rule of human conduct that mankind has accepted as the result of centuries of experience is jettisoned without compunction, and a new standard is set up, which submits to no laws but those of force, and which excuses every crime that is committed

in the service of hate. Even murder, which civilised man has always considered as altogether outside the pale, is now condoned by those who claim to be in the vanguard of progress.



Commenting on the attempted assassination of the Viceroy of Ireland, *The Daily Herald* of December 22nd gives a version of what it is pleased to call "Dublin opinion," and finishes off with a coat of whitewash, as follows:—"And there is, too, a feeling that military governors, escorted by troops, are something very near fair game; and that the 'murderers' did, after all, come out and face the soldiers' rifles. The attack was not a shot in a dark street, at an unsuspecting policeman." We suppose the term "murderers" is put in inverted commas because their marksmanship was at fault; but even *The Herald* must know that to talk of these would-be assassins coming out to face the soldiers' rifles is sheer bunkum; nor, so far as we can recollect, has *The Herald* been at any especial pains to record its condemnation when "unsuspecting policemen" have been done to death by the same type of miscreants as those who plotted to murder Lord French.



If there is one lesson that the war should have taught us it is that the appeal to force does not pay in the long run. If there were any logical outcome of the unrestricted use of force, Germany would be master of the world to-day. But those who lived by force, whose inspiration was force, and who reduced the use of force to a science, are now of little account, and this notwithstanding all the years of efficient organisation devoted to perfecting the machine which, as we now see, was foreordained to ruin the nation that put its trust in the right of the strong to coerce the weak.



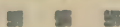
Discussing the question of increased production, Lord Askwith declared that there were no less than 5,427 bodies and organisations concerned with the settlement of industrial disputes and that fifteen hundred such disputes had arisen during the first eleven months of the year. He calculated that eighteen million working days would have been lost by the end of the year. Small wonder,

under the circumstances, that production fails to keep pace with demand, and that rising prices continue to neutralise the wages advances which are obtained with such waste of effort.



Amongst a number of "points" for Labour candidates at county and parish elections, *Forward* gives the following under "Housing":—

"If a house is built at a cost of a thousand pounds borrowed money, over £3,000 has to be repaid during the repayment period of sixty years. That means that for every penny of rent which goes to pay for actual materials, labour, and maintenance, twopence goes to the money-lender, who neither produced the materials nor put them together. The Government must supply money interest free."



Fortunately for the Labour candidates, elections are not often lost or won by force of reasoned argument, or the aspirant who relied on the "points" so thoughtfully provided for him by the organ of the I.L.P. might find himself seriously "let down."

If a house is built at a cost of £1,000 borrowed at five per cent., and if repayment is made in sixty annual instalments, the amount of interest charged for the loan would be exactly £1,500, and not "over £3,000," as stated.

The calculation in *Forward* is based on the false assumption that £50 interest has to be paid every year for sixty years—whereas, in fact, it would be reduced gradually from £50 payable for the first year, down to 16/8d. payable in the sixtieth year.

Nobody wants to wait sixty years for his money—and in some cases where re-payment is spread over this exceedingly long period it is done to suit the convenience not of the lender but of the borrower. The money-lender could do better by investing his capital in War Loan. If repayment of the £1,000 is spread over twenty years the total interest payable at five per cent. during the whole of that period would be £525.

Government has no money except what it takes from the public in taxation. Therefore: if Government finds capital, interest free, it is merely robbing Peter to pay Paul, i.e., financing one section at the expense of the others.



No. XXX

FEBRUARY

MCMXX

"The business of those who believe in the
essential virtue of private
enterprise is to remove its evils."

PERMANENT

INDUSTRIAL PEACE

CONTENTS

Class Warfare and the Dictatorship of the
Proletariat

Practical Economics, IX

The Case against Direct Action

Some Aspects of Nationalisation, II

The New Map of Europe

The New Unionism

Views of the Minority Press

Food for Thought



INDUSTRIAL PEACE

CLASS-WARFARE AND THE DICTATORSHIP OF THE PROLETARIAT.

POLITICAL philosophy is a curiously local product. Theorising about the State and society is impossible, of course, without a reference to ideals and standards that ignore locality. But it is local causes that lead to the theorising being undertaken. Some theorists are inspired to think and write by admiration of what they find in the societies they study. Others, again, write in order to protest against custom and fact, and to point out the path of reform, or inflame the desire for it. Even the views of the theorist who is in ardent revolt against the facts that surround him are yet relative to those facts. His resentment against facts and his zeal for change scarcely guarantee, by themselves, the positive value of the suggestions, or the policy to which his strong feelings lead him. Thus political philosophy is often of more value as showing what is, or was, being done in a certain society under certain circumstances, than as defining what any society might be expected to do under any circumstances whatever. Now no human society has ever been devoid of class distinctions, or of a proletariat, or of tendencies towards the dictatorial method; and no two societies, probably, have shown an identical degree of tension among the elements that compose them, or the same balance of tendencies. The doctrines that reflect the existing situation in one society may have very little bearing on another society. For comparative study of societies everything depends on the circumstances that tend to accentuate or to modify the ambitions of some classes and the depression of others. Unless the cases are genuinely similar it will be dangerous to draw suggestions for the benefit of one State from the special difficulties encountered by another, and the solutions that may have been applied to these difficulties. Whether cases are similar or not, suggestions and doctrines are continually being transplanted. Thus the doctrines of class-warfare and of proletariat dictatorship, which are being preached in certain quarters of this country are transplantations. They have come across the sea. Their habitat is Central and Eastern Europe. In the region that gave them birth they reflected, not unfaithfully and not very exaggeratedly, an existing situation. They illustrate that situation

by protesting against it, and by the specific character of their suggestions for reform. These suggestions show a curious inability to get away from the modes and the spirit of social arrangement against which the protest itself is directed. Transplanted to this country, the doctrines of class-warfare and class-dictatorship are incongruous and mischievous. Those who air these doctrines in England prove thereby that they suffer from a defect of historical sense and geographical imagination.

The doctrines of class-warfare and class-dictatorship come from Germany and Russia. And why? Because in these countries such warfare and such dictatorship have been practised from of old. It is fair to say that the tension between the classes in pre-war Germany was exceptionally great, and very far beyond anything known in this country. The relations which existed between the Social-Democrats and the other political parties are significant evidence of this.

But it was not that social or industrial differences made themselves felt, not only in society but also in the Reichstag, to the disastrous embitterment of politics. The fundamental cause of all the class-tension lay in the dictatorial system of government which prevailed in Germany. That system sharpened seriously the normal tension between classes. Dictatorial politics necessarily react on social and industrial relationships. The government of Germany, despite some plausible merits in detail, merits that were carefully used so as to impress foreigners, was simply a system of dictation. The German people could not turn out its government, for the government was responsible, not to the Reichstag or to the people, but to the Kaiser. The dictatorial government could only be dealt with after the Kaiser had been dealt with. Such was the devilish legacy of constitution-building that Bismark left to Germany and to Europe.

In Russia the realities of autocracy were displayed more frankly than in Germany, though the Russian autocracy was the less effective. But in both countries the two ideas of government and the dictatorial method were intimately associated with each other in the popular mind. What follows from this is surprising, at first sight, but perfectly natural. The ideas of reform are themselves affected by the prevailing tendencies of political dictation. Those who suffer political and other disabilities under the autocracy reflect that if the State is an agency of dictation yet some forms of dictation are worse and some better than others. The best

form, obviously, is that in which the largest possible numbers take a share in dictating and the fewest are dictated to. Thus, granted that dictatorship is a good thing, or rather an unavoidable quality in the action of the State, the dictatorship of the proletariat is the best, or at least the most unobjectionable dictatorship that can be imagined.

The dictatorship of the proletariat, therefore, is almost the appropriate answer to the dictatorships of Kaisers, Czars and War Lords of all sorts. It can be, of course, a bloody and destructive answer. But it is only an answer because the State as an agency is irremediably compromised, for both parties—autocracy and proletariat—by the prevalence of the dictatorial method. Now dictation is wrong. No matter what sections of a nation assume dictatorship, no matter for what reasons they do this, the sectional dictatorship is fraudulent and retrograde. In a good many modern countries the State has emancipated itself from the dictatorial conceptions. It has gained greatly in these cases, in adaptability, in elasticity, in moral control, in power and growth and enrichment, in tolerance and goodwill. A morbid tenseness rules throughout the whole fabric of the dictatorial State. No developed society, of course, can live without tensions. As between the dictatorial State and the regenerate State it is the vital question of relieving or not relieving the tensions in wholesome ways, of turning or not turning them into productive energy. Elasticity in a State is what humour is in the individual. It is the prime condition of self-control and effectiveness.

The cure for the evils of a State is not an alternation of tyrannies, but the creation of machinery whereby sectional dictation shall be made impossible. That is precisely what responsible representative government has done for England. That is what it will do, when it is given the chance and time, for Germany and Russia. Yet a few men, who claim to be thinkers, preach the proletariat dictatorship in this constitutional country. They prove thereby their blindness to the historical development of the State here, and to the significance of the lack of it elsewhere—in Germany and Russia. There has seldom been seen such confusion of political lessons. England was learning centuries ago the lessons which Germany and Russia have not yet grasped fully. It will be some time before the internal politics of these countries can afford England any useful lessons in state-craft. England has long ago done with dictators.

PRACTICAL ECONOMICS, IX.

VALUE AND PRICE, 2.

The Causes of Present High Prices.

We have said that prices generally depend on the relation between the total quantity of goods to be exchanged and the total quantity of money. More accurately we should say that prices depend on the relation between the total purchasing power of a country and the goods to be exchanged. By purchasing power we understand not money in the ordinary sense of coin and notes, but all forms of credit; anything which enables a man to transact business at a distance with unknown agents. The conduct of the war created an unprecedented demand for goods and services of every kind. The greater part, for example, of the clothing and feeding, housing and transport of our vast army constituted a new and additional demand over and above our normal needs. Vastly increased sums of money were needed to carry out the new volume of exchange. The Banks were called upon both by Government and their private customers to lend *credit*. In England by far the greater part of the purchasing power of the country is derived from the credit afforded by our banking system; from the use of cheques and bills of exchange backed by well-known banks. Ordinarily such documents represent a claim on money placed with the banker and have no permanent effect on the total volume of purchasing power. But in circumstances such as those just described, the Banks, seeing that their customers (or the Government) cannot carry out necessary and useful transactions without more money than they actually possess, credit them with deposits at the bank, thus enabling them to continue to write cheques and underwrite bills although they have exhausted all their ready money. When this is done on a great scale, as it was during the last five years, the volume of purchasing power grows enormously and becomes greater than is necessary to facilitate the total amount of exchange carried out. Prices are high then irrespective of the actual abundance or scarcity of goods, because money is relatively more abundant. When, as in the present case, for five years the resources of Europe have

been in part wilfully destroyed, and in still greater part devoted exclusively to purposes of destruction, it is obvious that prices are high because the stocks of available commodities are low. The deflation of currency would lower prices, but the cost of all the necessities of life must still remain high—as compared to pre-war prices. We could only obtain really low prices by so reducing wages, profits and interest, that we had individually only sufficient purchasing power to procure comparatively small quantities of the things we want. The stocks of the ordinary necessities of life are low, the machinery for their manufacture is out of repair and their means of transport restricted. Prices must be high—or goods must be scarce—until by our efforts we greatly increase the flow of exchangeable commodities.

Prices and Profiteering.

It was stated above that the level of prices was always affected in some degree by influences other than the interaction of supply, demand and cost of production. Monopolies in general must be discussed in a separate paper, but some of their influences on prices must be noted here. Profiteering as a cause of high prices, whether it be the most important or the least important, not unnaturally receives the most attention and arouses the most animosity among the whole body of consumers. The sense of justice is outraged and a feeling of hate and contempt engendered for the individuals who victimise us and the Government which allows, even compels us, to play the rôle of the impotent victim. In its broadest sense a monopoly is the power to sell something which others cannot. Roughly speaking, when there is a world shortage and demand far exceeds supply, all the sellers have a partial and temporary monopoly. Competition virtually ceases to exist. Price is determined only by the amount of money at which the comparatively small stock will be taken over by the consumers. This, as a temporary condition, involves hardship and, unfortunately involves uneven hardship where wealth is unevenly distributed, but it is not in itself deserving of the censure so generally passed on the trader. The conscious evil of profiteering begins when any attempt is made to preserve or artificially prolong the conditions of scarcity with a view to private gain.

Importance of Changes in Prices.

If the general level of prices is determined by the relation between the quantity of purchasing power and the flow of goods in the country, it is a matter of indifference, within any one country, whether prices are high or low. The point that matters is whether there are plenty of goods to be exchanged within the country. (The question of prices in their relation to foreign trade is excluded for the moment.) But it is obvious that unless all economic relations between men are adjusted *pari passu* with changes in price—changes, that is, in the declared relative values of things—some must gain and some must lose whenever prices move up or down. There is no actual loss of wealth, but the claims of one class are increased at the expense of the claims of another. Under our present system, economic relations adjust themselves but slowly and irregularly to changes in price. When prices rise creditors lose what debtors gain. On the other hand, when prices rise interest on capital generally rises too, and though there is no definite connection between the two things, they do generally move together and are mutually compensatory. Moreover, generally speaking, price movements are too gradual to affect debts over short periods. The present exceptional circumstances are noteworthy. The Government of this country are debtors on an enormous scale and a large part of their debts they have undertaken to repay at fixed dates. That is to say, they must repay whether the conditions of the moment favour them or their creditors, and the value of money—the exchange relation between money and goods—at the time when the debts are settled will make a very appreciable difference in the gains that will accrue to private individuals in proportion to the extent to which they were able to help the State with money during the period of war. If prices fall, what the individual creditors gain the community will lose at large. In the particular instance we are discussing, those who made monetary gains during the war—and saved them—will gain more. The soldier and the sailor, the clerical worker and the professional class as a whole will lose.

The Net Gain of Rising Prices.

It is usual to regard rising prices as a sign of prosperity. As a matter of fact, very steadily rising prices do bring good

results, mainly because they stimulate business enterprise. However strongly one may feel the injustice and hardship of the bias which many of our economic dealings seem to have in favour of money rather than of individual worth or need, we cannot afford to underestimate the all-important part played by individual enterprise in the satisfaction of our wants. Rising prices do tend to bring real and substantial gains to employers of labour because changes in wages invariably lag behind changes in price. To this extent labour loses what organisation gains, and if over a very long period prices rise steadily, and money wages remain approximately stationary, it is obvious that real wages fall and ultimately wage-earners suffer not only relatively but absolutely. This actually happened during the ten or twelve years preceding the labour unrest of 1912. But the business man's gain from rising prices is not all at the expense of the wage-earner. Neither does the wage-earner lose all that the business man gains. Rising prices engender a psychological force which makes a real addition to the sum total of productive effort and to the subsequent share of all in its product. The more certain promise of success stimulates the organiser, more labour is called for, employment is more constant. The energy and consecutiveness of productive work depend almost entirely on the "captains of industry." The ideal would seem to be a gradual and steady rise in prices, to which wages are adjusted more and more exactly and with as little delay as may be, so that the increased wealth can be consumed, and the steady demand which flows from a well-to-do working population lessen, if it does not entirely abolish, the dangerous and ugly phenomenon of over-production in a community where the bare needs of many go unsatisfied.

All these actions and reactions of the system of exchange and the use of money are worth our closest study and must be understood and accepted before we can hope to get the best out of, and for, ourselves as a State. The advantages of the system are immense. The use of money alone makes large-scale industry possible, but it is also the occasion of errors and inequalities which might be greatly modified and corrected, to the advantage of all, if properly and widely understood.

THE CASE AGAINST DIRECT ACTION.

LAST month we published a speech in which Mr. Mellor endeavours to prove the justice and expediency of the use of Direct Action. He defines the term as "the use of power to refuse work by bodies of workers, in pursuit of aims that, if achieved, will change the order of society." He finds its justification frankly in the class-war principle. The basis of power, he asserts, lies in industry, and on the plea that industry is not "democratic," but is "servile and autocratic," he claims that direct action is the workers' only weapon, and "in the class war all weapons are justifiable." The expediency of the method, he continues, depends only on whether it will achieve its object. Direct action may be inexpedient for the nation as such, but if it can achieve victory in the class struggle, then, says Mr. Mellor, it is expedient. Quite simply put, the will of the direct actionist section of society is the will of God and it is expedient that it be imposed on all. In this gospel one recognises the creed of imperialist Germany—the refusal of the State to acknowledge any standard but that of "power and expediency"—and of Spencer's conception of Darwin's efficient animal—the pagan whose standard of right is a self-interest which cannot be subordinated.

Mr. Mellor endeavours to knock the ground from under the feet of those who counsel constitutional and democratic action by denying the existence of democracy. When "economic power is the basis of all power" real democracy can only mean democracy in industry. This, Mr. Mellor says, must be achieved by force.

But direct action is not contemplated—*particularly by its advocates*—as a continuous state: it is the revolutionary weapon forged for the specific purpose of smashing capitalism and establishing the socialist and democratic State. Disregarding for the moment all other considerations and adopting Mr. Mellor's own criterion, let us see how the case for direct action fares at the hands of Karl Kautsky—the ablest living exponent of Marxism—who, summarising the direct actionist argument in his recently published "Dictatorship of the Proletariat," says:—"Under democracy, by virtue of which the majority of the people rule, socialism can only be brought about when a majority in its favour is gained. A long and

tedious way. We reach our goal far quicker if an energetic minority which knows its aims, seizes hold of the power of the State, and uses it for passing Socialist measures."

"This sounds very plausible," he continues. "It has only one defect: that it assumes that which has to be proved. . . The first step consists in the suspension of universal suffrage and of the liberty of the press, the disfranchisement of large masses of the people; for this must always take place if dictatorship is substituted for democracy. . . As regards small shopkeepers, homeworkers, peasants who are well off and in moderate condition, and the greater part of the intellectuals: as soon as the dictatorship deprives them of their rights, they are changed into enemies of Socialism. . . Thus all those who adhere to socialism on the ground that it fights for the freedom of all would become enemies of the proletarian dictatorship."

"Without doubt material well-being will lead many to Communism who regard it sceptically, or who are by it deprived of their rights. Only this prosperity must really come, and that quickly, not as a promise for the future, if the object lesson is to be effective."

"How is this prosperity to be attained? The necessity for dictatorship presupposes that a minority of the population have possessed themselves of the power of the State. . . ."

"Socialism . . . would only be possible through a powerful development of the productive forces which capitalism brings into existence, and with the aid of the enormous riches which it creates. . . . Uninterrupted progress of production is essential for the prosperity of all. The destruction of capitalism is not Socialism. Where Capitalist production cannot be transformed at once into Socialist production, it must go on as before, otherwise the process of production will be interrupted, and that hardship for the masses will ensue which the modern proletariat so much fears in the shape of general unemployment."

"Where . . . capitalist production has been rendered impossible, Socialist production will only be able to replace it if the proletariat has acquired experience in self-government, in trade unions, and on town councils, and has participated in the making of laws and the control of government, and if numerous intellectuals are prepared to assist with their services the new methods. . . ."

"It may therefore be taken for granted that in all places

where the proletariat can only maintain itself in power by a dictatorship, instead of by democracy, the difficulties with which Socialism is confronted are so great that it would seem to be out of the question that dictatorship could rapidly bring about prosperity for all, and in this manner reconcile to the reign of force the masses of the people who are thereby deprived of political rights."

"As a matter of fact, we see that the Soviet Republic, after nine months of existence, instead of diffusing general prosperity, is obliged to explain how the general poverty arises."

It may be argued, Kautsky says, that this indicates nothing more than that the conditions are not ripe. But, he continues, "does it not strikingly show that an object lesson on the lines of Socialism is, under these conditions . . . not to be thought of? . . ."

"So we are driven back upon democracy, which obliges us to strive to enlighten and convince the masses. . . We must repudiate the method of dictatorship which substitutes compulsory object lessons for conviction."

Thus Karl Kautsky condemns direct action because it would not bring about the realisation of working-class ideals. Here in England, the Independent Labour Party, Mr. J. Ramsay Macdonald, Mr. J. R. Clynes, M.P. (General Workers), Mr. W. Brace, M.P. (South Wales Miners), Mr. J. Sexton, M.P. (Dock Labourers), Mr. Tom Shaw, M.P. (Textile Workers), Mr. Arthur Hayday, M.P. (General Workers), Mr. Ben Tillet, M.P. (Dockers), Mr. T. Mallalieu, Vice-President of the General Federation of Trade Unions, Mr. Arthur Henderson, M.P. (Iron Moulders), Mr. J. H. Thomas, M.P. (Gen. Sec. of the N.U.R.) and Mr. Robert Blatchford, are amongst those responsible leaders of labour and socialist thought who have definitely rejected Direct Action because it is not expedient.

The National Socialist Party at their Annual Conference last August—when Messrs. H. M. Hyndman, Jack Jones, M.P., and Will Thorne, M.P., were the chief representatives present—protested against direct action because "it might mean that the miners, the transport workers—two or three trades—by a simultaneous strike, could force the nation, the democracy or the mass of the people, to adopt a course of action they had not approved or demanded."

The consensus of serious labour opinion is that direct action is essentially undemocratic; it attempts to impose by force

the will of a section upon the whole community. It is anarchical: it recognises no authority save its own, no rights other than its own interests. It presupposes endless factions and perpetual warfare. In the words of Mr. Tom Shaw—"it is a game that all can play. There is not a class in society, from the top to the bottom, that cannot make things awkward for all the rest of society if it tries." It is the negation of all authority. "It would give to every section of the community the right, in the days of a Labour Government, to imitate the bad example which labour had set." (Mr. Clynes).

Such arguments alone should suffice to warn Labour to beware of what Mr. Robert Blatchford calls "the specious declamations of such ill-informed and irresponsible false prophets as the Soviet-mongering apostles of direct action." But there are other reasons—and of a more positive character—why direct action should be rejected. The use of force as the sole test of right must finally destroy Trade Unionism itself, destroy the one tried weapon on which Labour has lavished the patient endeavour of nearly a hundred years. The examples of Russia and Germany suffice to prove that the successful use of direct action does not mean the rule of labour, or of the people, but the dictatorship of the minority which is powerful or cunning enough to capture the seat of power. On the other hand, as we have pointed out elsewhere*; "the irreconcilable right of a minority in a true democracy, is that of converting itself into a majority, when revolt becomes superfluous, and a revolution has been achieved." In spite of Mr. Mellor, the average trade unionist will not be blind to the fact that our present constitution contains, at least, the essential rudiments of a pure democracy, and that his association with six and a half million workers, representing as it does a very large percentage of the total voting power of the country, is too powerful and too sure a leaven to be abandoned in favour of the doubtful issue of anarchical innovations.

* Direct Action and Democracy, *Industrial Peace*, V. III, 68.

SOME ASPECTS OF NATIONALISATION, II.

In the first article (see No. IV., p. 115) attention was called to the difficulty of reconciling State ownership and control all along the line with personal competition. Personal competition, based upon equality of opportunity, presupposes inequality of achievement. The only alternative to personal competition and inequality is equality of payment following upon industrial compulsion. Equality of payment is an ideal which would never be accepted, for, among other things, it presupposes indetical objective conditions of work and equal intensities of effort. Differences there must be; and the State would be faced with the problem of determining rates of payment exhibiting differences which would satisfy ethical tests.

Clearly, therefore, a labour problem would exist which, in practice, might prove even more difficult to solve than that which existed before the war. Much stress has recently been laid upon the conflict between labour and capital on the one side, and, on the other, between producer (in the sense of manufacturer and merchant) and consumer. But it is clear that the ultimate conflict is between producer and consumer, and that the term producer covers the industrial worker as well as his employer. The conflict would remain even if the Socialist ideal were applied to every department of economic activity, and the State became the only employer. Trade Unions would continue to be necessary: militant unionism would probably still be regarded as desirable by many groups.

For there would always be dissatisfaction with the decisions of the State. If any homogeneous group (whether it be one of professional workers, employers or industrial workers) were entrusted with the task of fixing relative payments for different classes of occupations, it would deal justly with all—after dealing generously with its own, the importance of which would be involuntarily exaggerated. Hence the present difficulty of reconciling the relative claims of different grades of railway workers. This difficulty, in the general sense, would be fundamental in State-organised industry; and far more serious than in a State-controlled industry within an industrial community organised on a basis of private enterprise. For in the latter case there is, at least, freedom of movement, and the rate paid by public authority is subject to the test of its effect upon workers employed elsewhere.

Again, in private industry, there are obvious tests provided for the claims of the workers. These are limited by what 'the market will bear'; if they exceed the limit a percentage of the workers themselves will suffer through unemployment created by the reduction in the demand for the goods which they assist in producing. If, on the other hand, the workers are well organised and wisely led, their wages may be made to reach that limit. Here lies the value of conciliation Boards, whose final task is to determine where, under competitive conditions, this limit lies.

Such conditions would not obtain in a Socialist State. The State, which we may assume to be democratically governed, and wisely led, would determine, with the assistance of the trade unions, the relative rates to be paid in different occupations. And these would be the rates regarded as 'just' by the community as a whole. But they would not secure peace and contentment. An individual group would still regard itself as underpaid, and would agitate, possibly strike, for an advance. Here the real difficulty of the State would begin. There would be no room for arbitration since the principles of payment would themselves be the question at issue. An arbitrator could not be 'independent,' nor could he be entrusted with the task of determining government policy. Even the *policy* of the State to-day on the subject of railway-men's wages is not a subject which could be submitted to arbitration, which is only possible where the question which arises is the application of an agreed general principle to local or peculiar circumstances, or is one regarding a principle which itself is not deemed to be sufficiently important to justify pressing. Again, there would be lacking the corrective which exists at present, namely, the test provided by the competitive force, which is found, as already shown, on the 'market' side, and on that of Labour. The State would be regarded as able to 'bear' any advance demanded by the workers.

The State would, therefore, be faced by insurgent bodies which would deny, by implication, either that the State had been just to themselves, or that it could enforce what was just to the community as a whole. Every strike would be a strike against the community; the declaration of a strike would be tantamount to the declaration of civil war. The point requires emphasis. It is assumed that democracy is real and effective. It is further clear that there is no denial of the right of the State to lay down just principles of payment,

and, with the best available assistance, to translate such principles into specific terms of employment. The corollary is the denial by the State of the right on the part of its members to strike against the terms under which they are employed. The State would have undertaken the control of industries in order, partly, to remove the causes of strikes; but in so far as it failed to remove their causes it would be forced to declare war on strikes. But it would inevitably fail to remove their most potent cause, which is not underpayment, but the feeling (frequently based on fact) among the workmen that they are underpaid relatively to others. And the feeling will remain, however perfectly organised the State may be, until the workers are themselves convinced that the State is adequately equipped to deal with their own individual cases.

It is therefore too much to hope that the Socialist State would be free from strikes. But these, when they occurred, would be ruthlessly dealt with. The State would now be a strike-breaker, and, even though its Socialism be based upon the guild principle, in which as much authority would be delegated to the workers as they could bear, it would come to be regarded as a harsh and uncompromising State. Trade union funds, if there were any, would not be available for distribution, for they would inevitably have been invested with the State, which would not be likely to release them for the purpose of assisting the strikers to defeat itself. It is by no means unlikely that a reserve army of workers would need to be kept for the purpose of carrying on important industries in which strikes had occurred. It might even coerce the strikers by refusing to supply them with the necessities of life from the State stores. For it would be the policy of the State to utilise all necessary means of bringing the strike to an end; and it would clearly be necessary that the State should win in all cases, if its authority was to remain unchallenged elsewhere.

These dangers, it is suggested, are inherent in Socialism itself, rather than merely contingent upon imperfect administration. There are others which would be present—and serious—during the process of attaining mechanical perfection. One example must suffice. Under the present system individual manufacturers may, and do, make mistakes. But so long as these are not widely spread their consequences are not serious to the community, though they may be fatal to the manufacturer's business. What most competitive industries

show is a procession of firms, some of which lag behind and ultimately fall out. Others forge ahead, and may be joined by entirely new and vigorous firms. The leaders force others to quicken their pace, and the procession moves forward, until brought to a temporary halt by some serious obstacle, such as a financial and industrial crisis. If such industries were nationalised, they would be controlled 'from the top,' and the consequences of an error of judgment at headquarters would be felt in all the controlled establishments. So many illustrations of the danger of centralised control have been provided during the war—and afterwards—that the statement requires no elaboration. But it should be observed that the organisation of industry for ordinary requirements in time of peace is vastly more difficult than its organisation to meet limited and specific requirements in time of war, and that the danger of error at the centre is therefore far more serious. The difficulty would be reduced to the extent that industrial control was decentralised; it would be removed by complete devolution, giving powers to the managers of individual establishments similar to those now enjoyed by their owners. But it would be equally dangerous to separate such powers from the responsibilities which are at present inseparable from their enjoyment, from the consequences which now follow upon their faulty employment, and from the strong incentive which now exists in the possibility of amassing relatively large profits through foresight, rapid adaptation to changing needs, and heavy initial expenditure. That is the dilemma of the large trust, centrally controlled, for it is well known that such an organisation tends to become 'top-heavy' and relatively inefficient. It is the dilemma which the cartel formation aims at solving by the separation of commercial and purely manufacturing functions of an industrial enterprise.

The dilemma would be more serious in a Socialist State for the reason that the test would be lacking which is provided, even for trusts and State industries, by the competitive system. One of the chief weaknesses of that system is that it penalises failure too heavily, rewards success too highly and sometimes interprets both success and failure too loosely. A serious danger of the Socialist State is that it would fail to penalise failure and reward success—that, indeed, it would even fail to provide an adequate test of either. Where there is no real test of effort it is difficult to provide any incentive.

THE NEW MAP OF EUROPE.

THE business world is not unnaturally a little perplexed at the changes which the Peace Treaty has made in the political geography of Europe. British traders and manufacturers are no doubt already getting used to such names as Czecho-Slovakia, Serbo-Croatia, and Esthonia, but they want more definite knowledge as to the boundaries, natural resources, and industries of these new countries, so that they may be able to draw their own conclusions as to the kind of business they may be able to transact with them. It has therefore been arranged to publish month by month short articles dealing with these aspects of the new countries.

The present re-making of the Map is partly the outcome of the decisions of the Peace Conference in Paris, and partly the result of internal upheaval in the countries concerned. The changes as a whole are too many and too great to be taken in at a glance. It is necessary to examine them one by one and to see what they really amount to. The first difficulty is with the names of the States, old as well as new. The new names in many cases indicate peoples rather than territories and suggest the part that race has played in the determination of the new frontiers. Many of the old States, on the other hand, have been divided up, and the part to which the old name still remains is but a shadow of its former self.

The most important changes naturally concern the three great Empires of Central and Eastern Europe—the German, the Austrian, and the Russian.

The Germany of to-day is very different from the German Empire of 1914. She has lost all the territory taken from France in 1870-71, together with the Saar Coalfield, while the greater part of West Prussia, Posen and Upper Silesia are ceded to Poland.

The Dual Monarchy of Austria-Hungary is entirely broken up. Czecho-Slovakia is carved out in the north, while in the south the new Serb-Croat-Slovene State and Italy each obtain a portion. The exact boundary lines of the new German Austria and of the new Hungary are still to be defined, but they are sufficiently distinct from the old to make them practically new States.

The great Russian Empire no longer exists. Various parts of it such as Finland, the Baltic Provinces and the Ukraine,

have declared their independence, while Russian Poland goes to form part of the new Polish State.

But the changes go much further than the mere alteration of frontiers. New independent states have come into being. Each of them has to establish itself politically, socially and economically; and the third of these may almost be said to be the most important task, because it so vitally concerns the other two. Each State must have within itself the elements of economic well-being. It must rely on the capacity and industry of its people, and on its natural resources. If it has not accumulated wealth of its own it must inspire sufficient confidence to induce capitalists in other countries to come to its assistance. And further, since no country is entirely self-sufficing, and must of necessity have economic relations with other countries, it must be able to develop an import and export trade, must find markets abroad for its own goods, and provide a market at home for the goods of other countries. The succeeding articles will, it is hoped, supply such information as to the general economic conditions prevailing in these States as may be of use to those commercially interested in them.

(I) POLAND.

POLAND is a very good example of the new States inasmuch as it is based on nationality, certain parts of it have been left to self-determination by means of a plebiscite and due regard has been paid to the necessities of Economic Independence.

The new State of Poland differs from the Poland we knew before the War not only because it has become independent politically, but because it covers a very much larger geographical area. From the settlement at Vienna in 1815 to the recent changes, Poland meant Russian Poland, whereas the Poland of to-day includes the greater part of Austrian and Prussian Poland, and a so-called "corridor" of land connecting the latter with the Baltic. From the Economic point of view this is a fact of first-rate importance. It means that Poland possesses far more natural wealth, that her productions are very much more varied in character, that she is far more independent as regards the essentials of industry, and that by the control of the Lower Vistula, and by her direct access to the sea, she has the opportunity of becoming a great commercial country.

The best idea of the resources and economic development

of Poland will be obtained by dealing separately with its main constituent parts, Russian Poland, Austrian Poland (Galicia), and Prussian Poland (Posen).

Russian Poland is primarily an agricultural country, though its manufactures are important and developing. Agriculture absorbs about four-fifths of the working population and may almost be said to dominate the activities of the other one-fifth inasmuch as it provides the raw materials for various of its manufactures—for example, potatoes for alcohol, beet-root for sugar, and hops for brewing. The main crops in order of importance are potatoes, rye, sugar-beet, oats, barley and wheat, but, though once an exporter of cereals, the country's present production is not even adequate for home needs, and there is a considerable import.

Russian Poland is not rich in minerals. Coal, iron, zinc, lead and copper are found, but, as an industry, mining is comparatively insignificant, and for some years before 1914 was steadily on the decline.

Manufactures on the other hand have been making rapid progress. As already mentioned, sugar-refining, distilling and brewing are important industries, and to these may be added textiles and, in a lesser degree, iron and steel, cement, starch, leather goods, paper and tobacco. Before the war Russia was the chief market for Polish goods, but the new geographical conditions will probably lead to an alteration in this respect. As an importing country Poland relied very largely on the outside world for the raw materials for her industries, for coal and coke for machinery, chemicals and dyes, and she will no doubt continue to be a considerable buyer of these goods. Warsaw is the great commercial centre of the country, and much business is done at its two annual fairs, the wool fair in June and the hop fair at the end of September. The principal industrial districts are in the Western parts of the country with Warsaw also as their centre.

Austrian Poland is also predominantly agricultural. She is, however, well provided with minerals, though on the whole they are not extensively worked, the two main exports in this respect being petroleum and salt. The former is the more important. In 1914 the Galician oil fields provided 3 per cent. of the World's output and 9 per cent. of the European. The export is very considerable as also is that of Ozokerite—solidified petroleum wax.

The principal crops are rye, oats, wheat, barley, maize,

but there is no surplus for export. Stock raising is a very important industry. Horses, cattle and pigs, together with various animal products, appear largely in the export returns. About one quarter of the country is under forest, and timber, both raw and worked, finds a ready market abroad.

The manufactures are undeveloped, the most considerable being food products and wooden articles, such as bentwood furniture, barrels, etc. Consequently, Galicia relies on other countries (before the war she relied chiefly on Germany) for the textiles, leather goods, machinery and other iron goods, fertilisers, etc., that she needs for domestic consumption.

Prussian Poland (Posen). Here, as in other parts of Poland, agriculture is the main industry, but with this difference that Posen produces a surplus for export, especially of rye, which is her principal crop, of live stock and of the alcohol and sugar which are manufactured from her home-grown potatoes and sugar-beet. The manufactures are for the most part those dependent on local agriculture, to which reference has just been made. For manufactured goods in general, Posen has hitherto relied on German industry, but in the future her markets would naturally be open to the goods of other countries.

At present there is no uniform system of currency throughout the new Poland. Polish marks, German marks, Austrian crowns and Russian roubles are all being used. The Polish mark is much depreciated and a new currency entitled "Zlotz" is shortly to be introduced. The "Zlotz" is based on the Latin Union currency system. As regards weights and measures, the metric system has not yet been introduced, but there is a talk of putting it into force legally next year.

It may be inferred that Poland as a whole is likely in the future to produce most of what she needs in the way of food and to have some surplus for export, but that for manufactured goods in general, as well as for most raw materials, she will for a time continue to be an importing country. The industries of all three parts of the country which were formerly hampered by their connection with Russia, Austria and Germany, respectively, have now a much greater chance of development, and the new national spirit added to the new opportunities for communication with the outer world would justify the expectation that commercially, as well as industrially, Poland has a bright future before her.

THE NEW UNIONISM.

THE most significant fact in the Industrial World to-day is the rise of what is called the New Unionism. The term covers several schools of political activity—Syndicalist, Communist and Socialist. But all are at one in certain immediate aims. Firstly, all are revolutionary, i.e., they aim at overthrowing the present social and Industrial system. Secondly, all are opposed to the Old Trade Unionism and the system of Craft Unions, and seek to replace them with large Industrial Unions or by "one big union." Thirdly, all aim not only at Industrial, but also at Political ends. Fourthly, all seek to attain these ends by what is known as "Direct Action," i.e., the use of their Industrial organisation to disorganise Industry, leading up to a "General Strike" which shall, with the weapon of famine, compel the nation to submit to their dictation.

The attitude of the New Unionist to the old Trade Unions may be gauged by the following passages from a pamphlet entitled "The Development of Socialism in Great Britain," issued by the Socialist Labour Party.

"The early Unions" says the author, "had no desire to overthrow Capital, but merely to obtain better wages and shorter hours of work. . . . The cry of 'No Politics in the Union' was accepted as the motto of the Unionists. . . . It was neither rare nor improbable for the worker of a hundred years ago to become an Employer himself. Consequently, it is not to be wondered at that they disclaimed hostility against the class to which they expected to rise themselves."

This is an interesting admission, as it gives the key to the whole psychology of revolt.

The author goes on, "Hence arose that form of Unionism which is known as British—and execrated as such all over the globe by class-conscious workers of all nationalities—Britons included. Its main features are (1) the Trade or Craft basis of organisation; (2) its disavowal of the class struggle—its defence of what its constitution in many cases explicitly refers to as 'the just rights of employer and workers,' i.e., the maintenance of the Capitalist system; (3) its opposition to working class political action."

A little further on he describes the British Ideal as "the system of organised inter-trade scabbery known as 'Craft' or 'Trade' Unionism."

He then attacks the Trade Union official. "The 'Labour Leader' who to-day, in the face of the facts of history, in the face of the awful results of Capitalist domination . . . with the knowledge of the steady decrease in wages, the recollection of a hundred lost strikes . . . still professes to disbelieve in the class war and to believe in the discredited and worthless system of craft organisation, is either a conscious and deliberate traitor, or else is possessed of a degree of absolutely fatuous stupidity that utterly unfits him to exercise the functions of leadership . . . low cunning, a keen eye to the main chance and complete ignorance of economic science, are the principal characteristics of the Trade Union official."

In a passage setting forth the aims and methods of Industrial Unionism the author tells us that, "The Industrial Union organises the entire working-class in one Union. It breaks down the barriers of trade and craft, of skilled and unskilled labour." Further information on the subject may be learned from a pamphlet entitled "Industrial Democracy for Miners," recently published by the South Wales Socialist Society. In this we read—"no solution of the problem will be satisfactory which does not limit the amount of work required of the individual miner." In other words, the better workers are not to be allowed to produce more than the worse. The policy of the New Unionism appears to be based on the fallacy that limitation of output secures work for all, and therefore tends to raise wages, owing to there being no surplus unemployed labour available. This is, of course, not true, and a manifest injustice is done to the diligent worker, who is not to be allowed to reap the fruits of his efficiency. Only the inefficient could possibly benefit from limitation of effort, even were the theory sound.

The falseness of the plea that a low output is the cost of private ownership, and that a high output will follow the transfer of the industry to the nation or to the workers, is proved from the text of the above-quoted pamphlet.

"At frequent intervals," it says, "conflicts between the owners and workmen occur, of such vast dimensions as to threaten the disruption of the economic life of the nation." As though these conflicts were not deliberately engineered by the very persons who talk thus of their 'occurring.' "These 'conflicts,' it proceeds . . . have sounded the death-knell of private ownership. Some form of collective owner-

ship and control is seen to be immediately necessary if this—the basic industry—is to function at its full power.”

Mark the last words, for only a few pages further on, it contends that joint control by the Miners and the State “is open to the same objection so long as unlimited production remains the basis. . . .”

Compare this with the above-quoted plea that without collective ownership the industry cannot “function at full power.” Could there be a more transparently fraudulent argument?

But that is not all. The document says, “State ownership and control lie open to the same objection as that urged against the private coal owner, in that it would have the same essential basis. It would afford no consolation to the miner to know that he was exploited to relieve national taxation instead of for private profit.”

So says the South Wales Socialist Society. But Mr. Smillie on December 18th, addressing a meeting called by the Nelson and Colne Labour Party said, “The miners believed that by the elimination of private ownership of mines and land and also the middle man, they could furnish an adequate supply of coal and the miners would be prepared to strain every nerve, when they knew they were working for the Community rather than for building up fortunes, to increase output.” In the pamphlet already quoted, the South Wales Socialist Society, on the other hand says, “Quite a number of schemes directed to this end have been propounded, mostly centred on the proposal to nationalise the mines, and to administer them under a Ministry of Mines, controlled by Parliament. Such schemes offer no attraction to the miner, who sees in them only a proposal to nationalise HIM, together with the mines.”

But this is the very scheme advocated by Mr. Smillie, who speaks for the whole Federation, to which the South Wales miners belong. Then who are we to believe?

The key to the mystery is furnished by an article which recently appeared in *The Worker* (the organ of the Scottish Workers' Committee). The author, Mr. John Maclean, says, “I think Smillie accepts nationalisation for the same reason as the Reform Committee accepted the six-hour-day—a programme round which to prosecute the class-war . . . thus our class is being prepared for the final step—complete overthrow of the common enemy, the propertied class . . . we can rely on this fight led by Smillie and Hodges leading

straight on to the final conflict. The advent of Tom Mann as secretary of the A.S.E. is a cheerful sign of the times, that the rank and file are prepared to thrust into power declared revolutionists Smillie will not desert his class and if we decide on Communism, Smillie will go there with us."

In other words, the miners' leaders are advocating Nationalisation not because they believe it will really give more or cheaper coal to the consumer, not because the miners want it, but because the wirepullers believe it will lead straight to Revolution.

The whole plot is revealed in another notorious pamphlet, "The Miners' Next Step," written for the South Wales miners:—"The antiquated method of striking on account of grievances is to be discarded, and the method of 'irritation strike' is to be adopted; that is to say, the workers are to remain at work while reducing the output." Surely this affords an explanation of one cause at least of the present coal shortage, and of the remarkable fact that in many pits the output per man hardly exceeds what is necessary to earn the minimum wage? The policy of the Revolutionaries is obvious. They are manufacturing a case. They are injecting the Industrial and Social poison for which they offer their quack remedy. And they are restricting output now, hoping that on nationalisation they can, by a sudden increase of output, prove that the men do work better for the State, the very thing which is denied above by the South Wales Socialist Society.

The whole plan seems as though it were conceived by "slackers" for "slackers," and is aimed at the honest and efficient worker. It is well-known that if any hewer exceeds the limit per day fixed by the Union, his number goes up on the board, and pressure is brought to bear to make him obey the autocratic rule of the leaders of the Miners' Federation.

But there are other respects in which the skilled or efficient workman is at the mercy of the unskilled and inefficient. In the case of the miner, for instance, there is a system in some pits under which the hewer will not get his props or his "tubs" unless he "squares" the shunter who controls the points on the rails. Or take the case of the skilled rivetter. If he is found to be doing more than the permitted number of rivets per hour, it is easy for the "holder-up" to shift the hammer by a fraction and the rivetter will take twice as

many strokes to finish the job. Or the heater-boy who carries the heated rivet can linger and bring it cooled sufficiently to double the work. If the bricklayer attempts to lay too many bricks his hodman can slow down, or the labourer who mixes the mortar or cement can keep him waiting. Only those who have done the work themselves can realise fully to what extent the skilled workman or mechanic is at the mercy of his unskilled assistants. And the New Unionism obtains its support very largely among the ranks of unskilled labour, and particularly among the young "dilutees" who rushed into "Starred Trades" during the war.

On the other hand, at the present time there is perhaps more discontent among the skilled craftsmen than among the unskilled labourers, and for a very good reason. Owing to the manner in which war-increases in wages have been given, the unskilled labourer has in general benefited more in proportion than the skilled craftsman. Indeed, in many cases the total rise in pay of the mechanic hardly covers the rise in the cost of living, while the labourer, whose scale of living in pre-war days was lower, has gained very substantially by the change. This is one cause of the apparent "movement towards the left" in the ranks of skilled labour. And temporarily at least it has strengthened the hands of the extremists and the advocates of "direct action."

To recapitulate, the New Unionism is a revolutionary movement which attacks Trade Unions quite as fiercely as it attacks the Capitalists. It also endangers the interest of the skilled craftsman and the advantages it promises the unskilled workman are offered at the expense of the skilled man, and at the expense too of the general efficiency of National Industry. That such a system, if adopted, could not last, must be obvious to any thinking man. And in Russia where the system of so-called "Democratic Control" has been tried under Communist Government the result has been the collapse of industry and incredible suffering, famine and chaos. Before they decide to risk the experiment of Nationalisation, the craft Unionists of Britain would do well to examine into the origin, methods, and motives of those persons who preach the New Unionism. The movement is alien to British traditions and is promoted for the most part, by those cross-grained internationalists whose record is one long advocacy of defeatism abroad and suicide at home.

VIEWS OF THE MINORITY PRESS.

IN *The Call* of January 29th, Councillor A. Barton, of Sheffield, has dealt with the question of "The Burden of Interest" in a "A Study of Municipal Finance." He points out that the Corporation of Sheffield owes £10,000,000. It has assets of about £13,500,000, in electric power, water, tramways, schools, sewage-works, parks, etc. He estimates that one-third of the rates, a large portion of the tramway fares, electric light charges, etc., go in payment of interest on capital borrowed.

He suggests that the way to avoid what he describes as the 'burden of interest' is for the City authorities to issue its own notes or currency, without paying any interest at all. He contends that no confusion will arise from such a procedure, having regard to the fact that no confusion arises from the issue of cheques or bank-notes issued by different banks, and that any difficulty that might arise could be avoided by a national clearing-house.

Mr. Barton meets the possible criticism that capital is not currency but goods, and that capital cannot be increased by issuing currency, by the statement that this is one of the half-truths which are worse than falsehoods, and that capital is not strictly goods, nor currency, but the power to levy tribute on labour. "In order to do this," says Mr. Barton, "it is necessary for a minority of individuals to have a monopoly of land and other means of production and labour."

While on one page of *The Call* Mr. Barton is thus advocating further inflation of the currency, on another page of the same paper, Mr. John Maclean quotes with qualified approval an article on paper currency and high prices published in *The British Trade Review* for January 1920, which urges the deflation of currency. The contributor to the *British Trade Review* argues that by the continued redemption of the present excess supplies of paper money, prices of commodities will be lowered. As soon as this happens, the worker will perceive that his wages will purchase more of the necessities of life; he will sell his labour for less; he will moderate his demands and there will be a greater incentive to increased production. "But," says Mr. Maclean, "the workers will not accept lower wages." It is the business of Socialists to

urge them on to demand a minimum of 30/- per day "until capitalism is dead and cremated." "The world is going to be more miserable for all until Communism comes to its fullness. The workers must not increase production until that happy time." And, finally, sharply contradicting his brother political-economist, Councillor Barton, Mr. Maclean terminates his article by an appeal to his readers to "BURN BRADBURY'S."

Under the title of "The Curse of Piece-work," a writer states in *Solidarity* that piecework breaks up solidarity. "It forces the worker to labour at top-speed. . . . At the end of the day . . . all his life energy has gone into the Boss's bank account. Piece-work also encourages rivalries and jealousies in the shop, preventing strong organisation, and thus playing into the Boss's hands again. It leaves the worker in doubt as to how much money he will get in his next pay.

. . . Piece-work keeps the wage scale down, by allowing the luckier or more skilful workers to earn more than the others.

. . . Piece-work makes the worker stand the chief loss from accidents, unfavourable weather conditions, defective machinery, bad shop organisation . . . worst of all, piece-work stimulates over-production and thereby hastens the day of unemployment. It is a trick of the Boss to speed up the workers, keep down wages and increase profits. . . . Time-work, like the abolition of overtime, reduces over-production and thereby postpones the period of unemployment inevitable under the capitalist system. With time-work, the 'slow-down' system becomes possible in cases where it is needed to bring the Boss to his senses."

"Intelligent fighters in the class struggle everywhere should work unceasingly for the abolition of piece-work, because it is a hindrance to effective organisation and action."

The spirit of this article is admirably expressed in a series of verses in the same paper, entitled "WORK," the gifted author of which signs himself J. William Schweitzer. We quote one verse from this poetic gem:

Work.
Great God! but the fright of it,
The damnable, odious sight of it.
Work that keeps us down in the mire,
And sets both the body and brain afire.
Oh! what is so base as the crime of it?
The despicable, vile, filthy crime of it.
And what is so cruel as the stern command,
Of the master who drives both brain and hand.

The Spur, devoted to the dissemination of Communistic ideas, contains an article by Edgar T. Whitehead, entitled "Commonsense about Work," in which he writes:—"With the modern cry of 'More Production'—for someone else to enjoy—it is high time some accurate thinking on this all-important subject was propagated. If you want to see the effect of work, look at a cab horse, and compare him with a race horse, and there you have it. Note the lack of spirit and natural energy, note the lack-lustre eyes, showing the benumbed intelligence beneath, note the listlessness from continual fatigue in our cab horse—all these are the result of work. . . . The tiger does no work—he basks and sleeps more than half his time, but he is neither lacking in beauty, nor spirit, nor energy. The native African similarly passes his life in idleness and freedom from toil, yet he has a more splendid body, a nobler face and finer eyes than any Londoner can ever show. . . ."

"What we want is not more work but less work—if we did less work, and fewer hours, there would at least be a chance of work for all who wished it, instead of perpetual toil for some and starvation for others. . . ."

"One other point on which clear thinking is necessary, and that is the question of overtime. The man who does overtime is openly immoral for, as things stand at present, he is just doing some starving person out of a job. So, too, is the man who works at a hot pace immoral, for he too is preventing some other from access to work for subsistence."

"So long as this competitive system lasts and we have production for monetary gain for the Boss, as the ruling spirit over all work, it should be the avowed principle of every Trade Unionist to work as few hours as possible—making the 6-hour day and the 5-day week one of the immediate goals—and to work steadily and easily, so that weaker brethren not so blessed in health and strength do not have to compete with the full resources of your brawn and muscles. . . ."



FOOD FOR THOUGHT.

The projected alliance between manual workers and that somewhat nebulous conglomeration of individuals that has been grouped together under the generic, but inaccurate, term of "black coats," is likely to have far-reaching results. In the political field organised labour will gain not a few votes and will be able to fight seats in constituencies where its flag has not hitherto been unfurled. This will mean that three-cornered contests will become the rule instead of the exception, and no seat will be safe for Conservative or Liberal as long as they dissipate their forces in squabbling over the non-essentials of antediluvian controversy. Sooner or later they must combine to present a united front or find themselves supplanted by the newcomer, who, having all the *flair* that belongs to initiative, all the force that goes with definiteness of purpose, and all the advantage that novelty confers, will capture the spoils before the old-fashioned coaches have begun to rumble or their occupants to realise that the race has started.



That representation of Labour in the House of Commons can permanently be kept down to its present level is neither possible nor desirable. Danger lies, not in the gradual leavening of the parliamentary lump, but in the abrupt reversal of all our social, political and economic organisation, which would result from a too sudden inheritance of power by a host of eager, inexperienced and militant iconoclasts. Such an invasion in force is by no means an improbable contingency.



Recognition of the fact that Labour is a coming power in politics is the first step in the process of visualising the resulting transformation. Broadly speaking, one of three things must happen. Either the Labour Party, as at present constituted, and therefore quite unready for the task, will suddenly find itself called upon to govern an Empire—or a transition stage will supervene during which it will increase its parliamentary strength and experience without any great change of personnel—or the party will undergo a metamorphosis which will alter its nature, broaden its aims, supersede its leaders and, to some extent, remove its temptations.

Of these three alternatives, only the last two can be regarded with any equanimity. Government by organised labour in its present aggressive mood could not fail to be disastrous, and for this amongst many other reasons. The moderate element which, for the moment, is allowed for strategic purposes to exercise its talents in the diplomatic field, would be altogether out of the hunt when events begin to gallop. What sort of chance would Messrs. Roberts and Barnes, for example, possess if the sweets of office came to market to-morrow? How would Mr. Thomas fare at the hands of Comrades Cramp and Williams? What store is set upon stale bread when highly spiced cakes are coming hot from the oven?



Things being as they are, we need not be greatly perturbed at the threatened advent of the "black coats," for perchance it is from that quarter that salvation will come. If any section must rule, let the power be held by that section which contains the greatest number of citizens and the greatest variety of groups. Once the process of accretion begins it is likely to continue in an increasing ratio until the Government of the day is backed by a real and a convinced majority. Before long the inevitable cleavage between those who are always agitating for a change, and those who would leave well alone would occur—and then we should have reverted to the old position of Radical versus Conservative.



Meanwhile there is much innocent entertainment to be had out of speculating on the motives of the individual recruits and watching the reception that they get when they first enlist. Though Lord Haldane has not actually signed on, he may be said to be sitting up and taking more than casual notice. So far his overtures have been received with favour and he may expect a formal invitation in due course. Colonel C. B. Thomson is already a full private in the ranks of Labour and has been adopted as a parliamentary candidate at the next election. He is credited with knowing a thing or two and may be relied upon both to deliver, and to experience shocks.



The last-joined recruit is that octogenarian sailor, Lord Fisher of Kilverstone, who gives six reasons for supporting Labour at the polling-booth. It may be observed, incidentally,

that people who do not possess the Fisherian faculty for argument by inversion, will arrive at conclusions diametrically opposed to those deduced by the Admiral from the premises he advances. His objection to government by bureaucrats, "who harrass every trade and fuddle all they touch," is not a very lucid reason for advocating State Socialism, nor is it easy to see how our financial position can be retrieved "by spending less," at the same time if every section of workers is encouraged to force up wages, and consequently prices, without increasing output. Lord Fisher tells us that "the simple and so obvious plan of getting rid of industrial unrest by the working man sharing in the profits is carped at and denied," but he omits to add that most of the carpings and denials emanate from Labour Leaders, not from employers. Lord Fisher can do better than this when he tries, and if brain workers are going to be of any real value to the Labour cause they must not leave their brains on the door-mat, as pilgrims doff their shoes, before they enter sacred precincts.



Those black-coated brain-workers who aspire to high political office, and who propose to use the rungs of the Labour Ladder for that purpose would perform a notable public service if they would devote their attention to eradicating some of the cruder fallacies which they will meet with in their climbing. Much good work might be done in the field of elementary economics, and many unnecessary complications would be avoided if, for example, the difference between money and wealth could be explained to the optimists who propose to solve our financial difficulties by multiplying currency notes.



Last month we quoted the Glasgow paper "Forward" calling upon the Government to supply money, interest-free, for building purposes. A Labour Leader in Belfast, Mr. Sam Geddes, goes further when he asks why, instead of borrowing money at five per cent., the whole amount of the War Loan was not issued in Treasury notes, bearing no interest, and four hundred millions a year thereby saved. The same idea crops up again at Wigan, where the Labour majority in the County Borough Council carried a resolution demanding that the Government should supply Wigan with Treasury notes at the cheap rate of eighteen pence a thousand for financing housing and other municipal schemes.

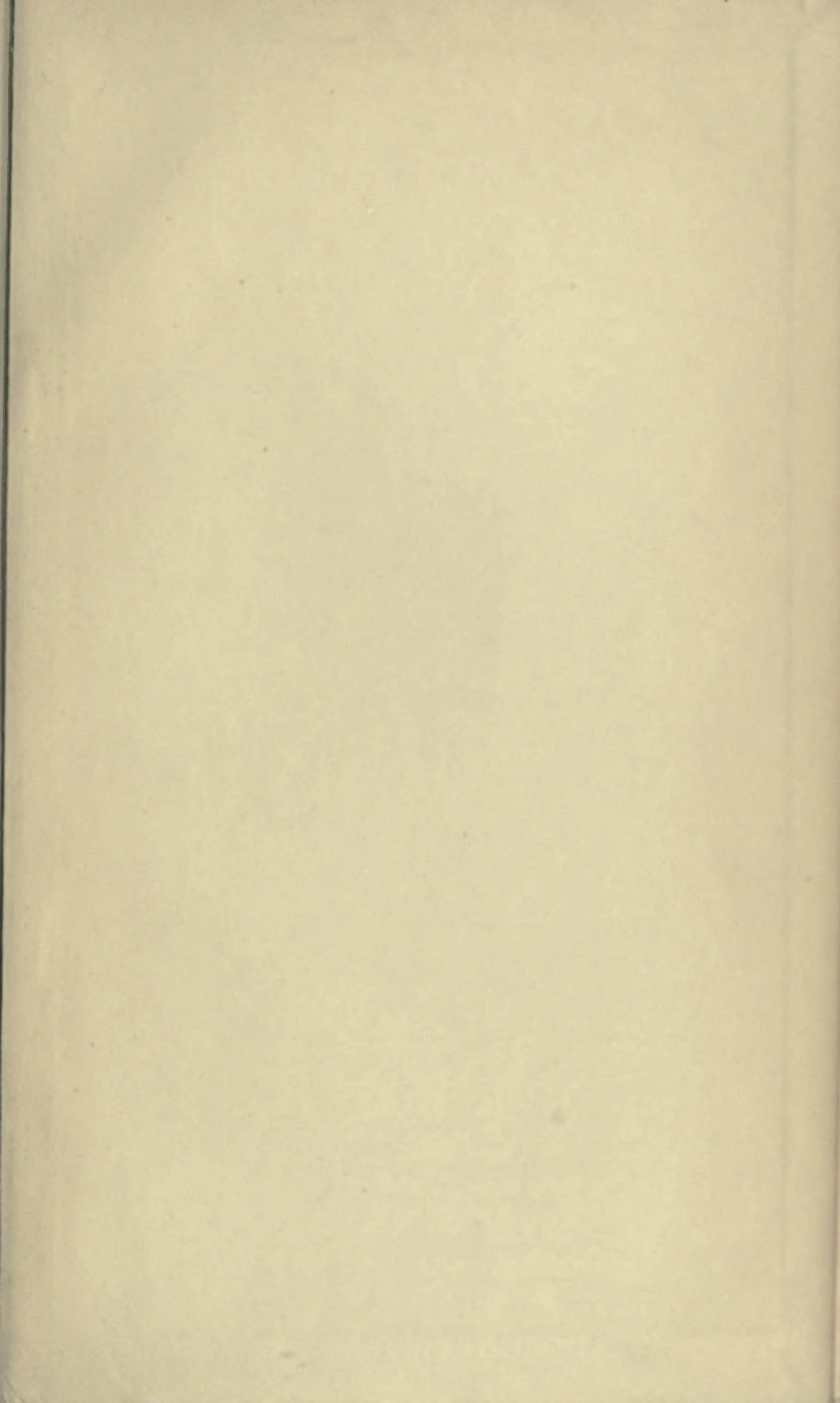
Lacking any special knowledge of the Wigan Labour Party, it is only fair to assume that, in their ignorance, they have quite innocently taken the bait prepared by cleverer people than themselves, and that their intentions are honourable. They probably realise that there is a point beyond which you cannot inflate the currency without involving the nation in economic ruin, but they persuade themselves that the security provided by the proceeds of local taxation puts their proposal on a sound financial basis. But credulity is none the less dangerous because it is innocent in intention.

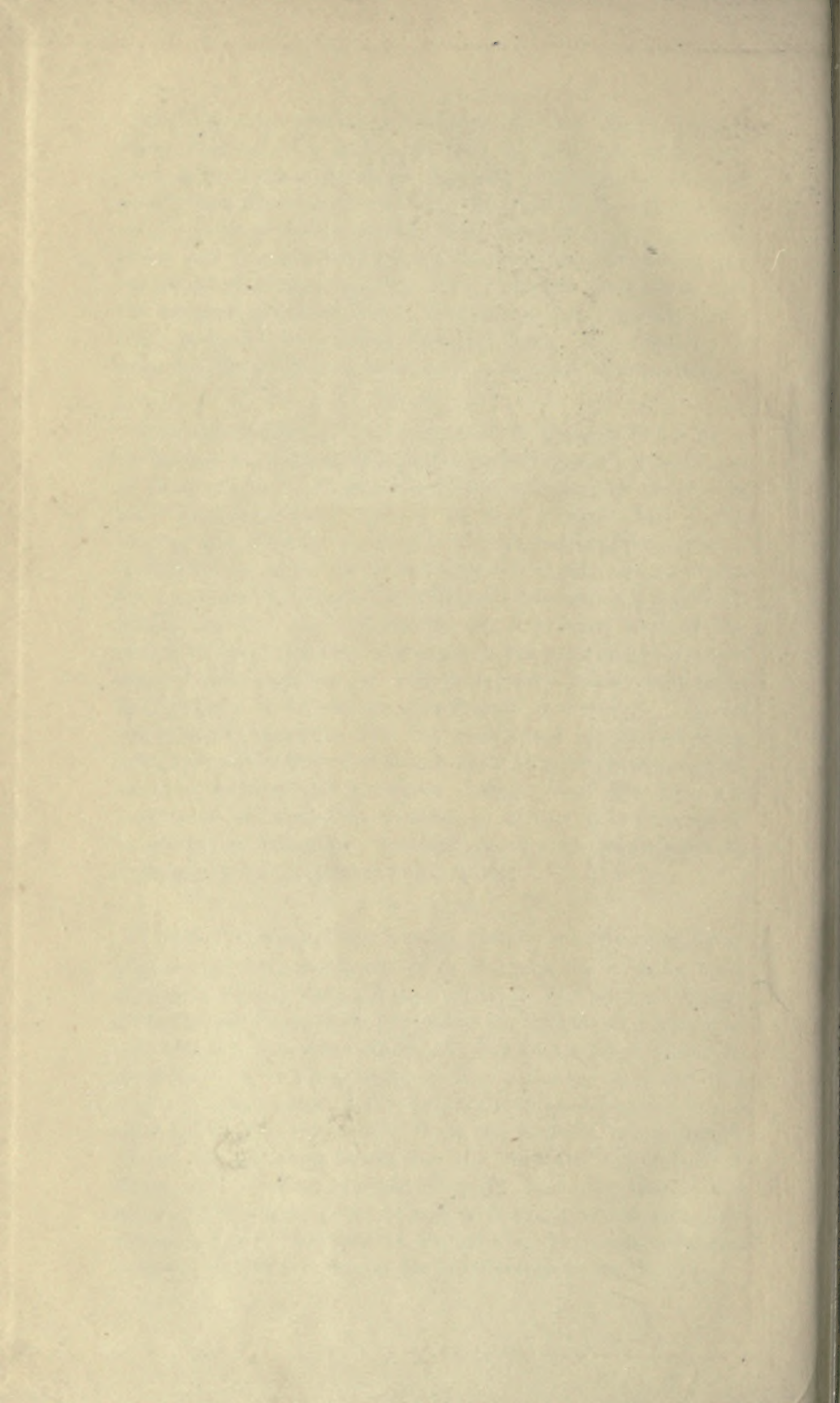


The significance of such proposals is brought home to us by Lenin's exposition of the part played by the manipulation of currency in the organisation of revolutionary chaos. In his "Economic Consequences of the Peace," Mr. J. M. Keynes says, "Lenin is said to have declared that the best way to destroy the capitalist system was to debauch the currency. By a continuing process of inflation, governments can confiscate secretly and unobserved, an important part of the wealth of their citizens. The sight of this arbitrary rearrangement of riches strikes not only at security, but at confidence in the equity of the existing distribution of wealth. . . . As the inflation proceeds and the real value of the currency fluctuates wildly from month to month, all permanent relations between debtors and creditors, which form the ultimate foundation of capitalism, become so utterly disordered as to be almost meaningless; and the process of wealth-getting degenerates into a gamble and a lottery."



"Lenin," continues Mr. Keynes, "was certainly right, there is no subtler, no surer means of overturning the existing basis of society than to debauch the currency. The process engages all the hidden forces of economic law on the side of destruction and does it in a manner which not one in a million is able to diagnose." It is a fact worth serious attention that the only cry for a continuance of the desperate financial policy forced upon us by the war comes from the ranks of revolutionary labour. In this same connection the keen student of current affairs will observe without surprise that the fall in the value of the sovereign is viewed with unconcealed glee, and chronicled with unnecessary persistence, by people who can have no legitimate reason for satisfaction in its decline.





**PLEASE DO NOT REMOVE
CARDS OR SLIPS FROM THIS POCKET**

UNIVERSITY OF TORONTO LIBRARY

